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HRM: A Driving Force for Service Quality in Five-Star Hotels in Cyprus

**A project submitted to Middlesex University in partial fulfilment of the
requirements for the degree of Doctor of Professional Studies**

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**Institute for Work Based Learning
Middlesex University**

June 2014

Acknowledgments

I wish to express my sincere gratitude to a number of individuals who have helped and inspired me immensely in my research study, without which my DProf work would not have been possible.

Foremost, I wish to acknowledge my sincere gratitude and a plethora of thanks to my advisor from day one, Professor Paul Gibbs, for his encouragement, wisdom, advice and sincere friendship over the years that I was privileged to enjoy.

I would also like to thank Dr Savvas Kontos, educational consultant of Middlesex University, for his readiness to assist me at all times.

Special mention is extended to my former Middlesex consultant, Dr Stelios Marneros, for his encouragement and fruitful guidance towards making my research as pragmatic and transparent as possible.

I cannot forget to mention Professor Andreas Efstathiades for his invaluable assistance and contribution towards credible research findings.

Special thanks go to Mrs Marinela Avgoritou, senior librarian at Higher Hotel Institute of Cyprus, for her kind and impeccable service offered to me at all times.

I should like to thank both five-star hotels in Cyprus that were used in the research, their management, employees and customers, for their active participation and cordiality which made my study possible.

Many thanks go to all hospitality industry professionals for their participation, positivity, zeal and input to my study.

I would also like to thank my family and especially my cousin, Angela Pitsillides, who have helped me with the whole research study by proofreading for spelling mistakes, grammar correction and so on. Angela has been a rock as far as my research study is concerned, always there and willing to respond to and assist me.

Finally, I would like to dedicate this to my dearest wife, Maria, and my two boys, Klitos and Nicolas, who have been the driving force behind my efforts.

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Abbreviations

ACTE	Association of Cyprus Tourist Enterprises
ASTD	American Society for Training and Development
CHRA	Cyprus Human Resource Authority
CSQ	Communication Satisfaction Questionnaire
CTO	Cyprus Tourist Organisation
CV	Curriculum Vitae
F&B	Food and Beverage
FT	Full-time
GDP	Gross Domestic Product
GR	Guest Relations
HACCP	Hazard Analysis Critical Control Points
HOD	Heads of departments
HPWP	High-performance work practices
HPWS	High-performance work systems
HR	Human Resource
HRM	Human Resource Management
IIP	Investing in people
MOT	Moment of Truth

NRA National Restaurant Association

OFI Opportunities for Improvement

PA Performance Appraisal

PEO Cypriot trade union

PJD Perceived job description

PT Part-time

R&S recruitment and selection

ROI Return on investment

SEK Cypriot trade union

SME Small to medium enterprises

SQ Service Quality

T&D Training and Development

TBL Technology Based Learning

WAB Weighted Application Blank

Summary

The purpose of this research activity was to investigate the issues surrounding hospitality HRM, specifically recruitment and selection, training and development and communication process, as well as quality of service, in order to increase customer satisfaction. The most important issues surrounding HRM and quality of service were investigated from three different perspectives; those of the employees, the customers and the hospitality professionals. The primary objective of my research was the development of awareness of effective HRM and quality of service in five-star hotels in Cyprus.

Based on a review of related literature and information gathered from two focus group sessions (restaurant and front office employees), I also followed with quantitative research. I developed two questionnaires to collect data from hotel employees and hotel customers. Statistical research analysis was then implemented, such as means and frequencies analysis, cross tabulations in collaboration with chi-squares, Pearson correlation coefficient, factor analysis and finally regression analysis. Furthermore, qualitative research with semi-structured interviews were assigned and deployed for relevant and important hospitality professionals such as five-star hotel managers, HR directors, hotel executive directors, trade unions, hospitality consultants and so on.

After a thorough analysis of all research findings I was able to clarify the issues surrounding HRM and quality of service in five-star hotels in Cyprus in relation to how HRM and quality of service can be improved. The proposed recommendations and suggestions summary, which act as a quality assurance mechanism via HRM sustainability and effectiveness, aims to enhance HRM and quality of service effectiveness in five-star hotels in Cyprus. Thus employee and customer satisfaction and loyalty are established and eventually increase the

success of five-star hotels. The cornerstone of the developed recommendations and suggestions summary rests on the foundation that successful and effective HRM and quality of service in five-star hotels, is based on the commitment of all stakeholders involved.

ABSTRACT

The aim of this paper is to identify and investigate the level of application of Human Resource Management practices and its impact on the level of employee satisfaction and quality of service. The research is focused on two 5* hotels in Cyprus and aims to examine the importance of Human Resource Management in terms of (a) Employee Recruitment and Selection, (b) Training and Development, (c) Employee Communication as driving forces towards Service Quality in the hospitality industry. Purpose-made questionnaires based on recent developments in the area have been used to extract relevant information. Interviews have also been prepared for all relevant bodies. Research findings reveal a high relationship between Human Resource Management practices and Service Quality. Recruitment and Selection practices, training and development practices, as well as communication, are considered to be very important issues that should be addressed in order to safeguard service quality. “Empathy” – service dimension, suggestive selling and attention to detail has been found as being highly correlated with service quality.

Keywords: Human Resource Management, Recruitment and Selection Training and Development, Communication Process, Quality of Service.

Chapter 1: Introduction to the Project Study:

1.1 Introduction

As a researcher with extensive experience of senior positions in five-star hotels in Cyprus and abroad, I aim to research and rigorously examine, in depth, the importance of Human Resource Management (HRM) in Service Quality (SQ) in five-star hotels, in Cyprus. I will look at the importance of employing the right employees in the right positions at the right time, and continually improving their scholarship, performance and efficiency in the hospitality industry in order to enhance SQ, which will lead to customer satisfaction. For this research I will focus on two five-star hotels in Cyprus.

Cyprus was chosen since the country has been facing financial difficulties during the past few years, causing budgets to be limited. Global and European financial crises have struck specifically in hospitality and tourism. Due to the economical downfall experienced since 2009, Cyprus' Gross Domestic Product (GDP) in 2010 was -3% compared to 2009, and -5% compared to 2011 (Republic of Cyprus Statistical Services, 2012). I will investigate the lack of sufficient investment in Human Resource (HR) and how the impact on overall SQ has made things worse for tourism in Cyprus.

Although the hospitality industry and tourism is a major industry in Cyprus, there have been few studies to date, and similarly few on attitudes towards SQ and the influence and effectiveness of HRM in the hospitality industry in Cyprus (Cyprus Tourist Organisation [CTO] report, 2010).

HR development over the past few years has been limited in Cyprus and has caused decreases in SQ and general financial returns over this period, according to the CTO report (2010).

With this in mind, I will focus on five-star hotel service operations, since HRM and SQ seem to face difficulties as far as the hotel industry in Cyprus is concerned, and shall investigate four parameters:

1. employee recruitment and selection (R&S);
2. employee training and development (T&D);
3. employee communication; and
4. SQ.

The main objective of my research study will be to identify that, in order to increase customer satisfaction, HRM, specifically its first three parameters above, correlates with SQ. I will aim to explore the role of the above HRM functions within five-star hotels, and the importance and credibility of long-term employee investment and development, to achieve enhanced SQ leading to customer satisfaction.

1.2 An Economic and General Overview of Cyprus Tourist Situation

Even though tourist arrivals in Cyprus for 2011 were 10.1% higher than in 2010, revenue per tourist for 2011 decreased by 3% or -€2.00 per tourist compared to 2010. It shows that the customer spending power in 2011 was lower.

Table 1.1: Tourist increases versus spending power in 2011

2011, Tourist Increases vs. Spending Power	
Year/Period	2011 vs. 2010
Tourist arrivals	10.1%
Revenue per tourist	-3%
Revenue per tourist	-2 Euro

Republic of Cyprus Statistical Services (2012).

Over the last decade the Russian tourist market has emerged as the highest spender in Cyprus, with visitors choosing to stay mainly in five-star hotels. In 2011 and 2012, the Russians' spending power was €97.40 per tourist per day in 2012, compared to €106.45 in 2010, which means a drop of €7.40 per tourist or -8.5%. These figures partly explain the decrease in the overall tourist spending in 2012 compared with 2011 and 2010.

Table 1.2: Russian tourist arrivals and revenue statistics, 2012, 2011 and 2010

Russian Tourist Arrivals & Revenue Statistics, 2012 vs. 2011 vs. 2010								
NO	ITEM	2010	2011	VAR	VAR %	2012	VAR	VAR %
1	Russian Tourist Arrivals	223,861	334,083	40625	14.1	470891	142956	43.6
2	Russians Daily Spending Power	€ 106.45	€ 98.60	-€ 7.85	-7.4	€ 97.40	-€ 1.20	-1.22

Republic of Cyprus Statistical Services (2013)

Table 1.3: Major European country tourist arrivals compared to the Russian tourist market

Tourist Arrivals 2010 - 2012

NO	COUNTRY	2010	2011	VAR	2012	VAR
1	U.K.	996,046	1020709	24,663	959,463	-61,246
2	FRANCE	28,749	34363	5,614	35,955	1,592
3	GERMANY	139,190	157,890	18,700	144,407	-13,483
4	RUSSIA	223,861	334,083	110,222	474,426	140,343

Republic of Cyprus Statistical Services (2013)

Russian tourism in 2011 and 2012 had increased relative to other major tourist countries, such as UK, which fell. Unfortunately today's situation is not predicted as above. Today's rubble devaluation and the crisis existence between Russian and Ukraine leave Cyprus tourism for 2014 insecure, see **Appendix 1**. I aim to show that HRM is responsible and is the driving force behind any SQ increase leading to increased customer satisfaction.

The employment ratio in the hotel industry in 2011 fell from 2010 levels, and as did the qualifications of employees employed by the hotel industry. The T&D programmes offered were also lower than before. From the contextual figures, the importance of training offered to the hospitality industry by the Cyprus Human Resources Authority of Cyprus (CHRA) is demonstrable, since during the first quarter of 2012 only four multi-industrial training programmes were offered in the hospitality industry. Of those, two dealt with culinary and kitchen issues and only two pertained to restaurant service. Not only have training programmes for 2012 offered to the hotel industry by government been minimal, but those for frontline service areas have been reduced, and courses for some specific frontline departments such as the front office, bar and for housekeeping do not feature (Republic of Cyprus Statistical Services, 2012).

Even though tourism in 2012 increased, unemployment in general as well as in the hospitality industry increased too. It seems that employees' efficiency is not up to the right standard – as can be seen that from the above comments on training programmes offered to the hotel industry by government.

Table 1.4: Tourist unemployment

Tourist Unemployment			
2011	2012	VAR	VAR. %
50020	51108	1088	2.18

Republic of Cyprus Statistical Services (2013)

Unemployment in 2009 was 4.1% compared to 9.9% in December 2011, which means an increase of over 100% in the last three years.

According to the edition of *Fileleftheros* (Cypriot newspaper) on 3 May 2012, unemployment in Cyprus for March 2012 was 10%, in the same position as Italy and France in the Eurozone, whereas youth unemployment (up to age 25) reached 28.8% (*Fileleftheros*, 2012).

Table 1.5: Cyprus unemployment

Cyprus Unemployment					
Year/Period	Jan.2009	Mar.2012	% Increase		% Increase
%	4.1	10	5.9		
	Jan. 2010	May 2010		Dec. 2011	
%	6.2	7.2	1	9.9	2.7

Unfortunately, unemployment in the hospitality industry has increased dramatically. Figures show that in 2011 it reached 13.6% up from 12.9% in 2010, despite tourist arrivals in 2011 having increased 10.1% in that period: not only did tourist arrivals increase in 2011, so did unemployment. The employee–customer ratio in the hospitality industry is extensively lower than in 2009, according to the Republic of Cyprus Statistical Services (2012).

Statistics for 2011 show that unemployed cooks reached figures of 390 and unemployed waiters and barmen reached 863, the top and second ranking professions for 2011 (Human Resources Development Authority of Cyprus, 2012).

Generally, unemployment from the hospitality and construction industries, the two largest industries in Cyprus, corresponds to 29.2% of total unemployment, almost a third of all Cyprus' unemployed (Human Resources Development Authority of Cyprus, 2012).

Table 1.6: Unemployment in hospitality and construction

Unemployment in Hospitality & Construction	
Department	Dec.2011
Hospitality	13.6
Constructions	15.6
Total	29.2

Republic of Cyprus Statistical Services (2012)

1.3 HRM Significance in the Hospitality Industry

Human interaction is a vital area of study in the hospitality management industry.

Kakabadse and Tyson (1994: 123) state that:

the manner in which humans relate to each other influences the application and quality of performance by which employees do their frontline work.

I will investigate the role of HRM as the driving force towards SQ in the hotel industry. A combination of quantitative and qualitative research and focus groups will be undertaken. Quantitative research will be used in two five-star hotels, on employees as well as customers, during the summer season, while focus groups for restaurant and front office employees, both major frontline departments, will be used at one of the two sample hotels, Hotel 1.¹ Qualitative research will be undertaken with hotel managers and HR managers, as well as other hospitality professionals. This is of interest due to my insider position, a comprehensive literature review, and statistical analysis outcomes. Based on the analysis, I will

¹ For confidentiality, the sample hotels will be referred to as Hotel 1 and Hotel 2 instead of their actual names.

recommend that HRM correlates with SQ and is a driving force towards SQ increase and customer satisfaction.

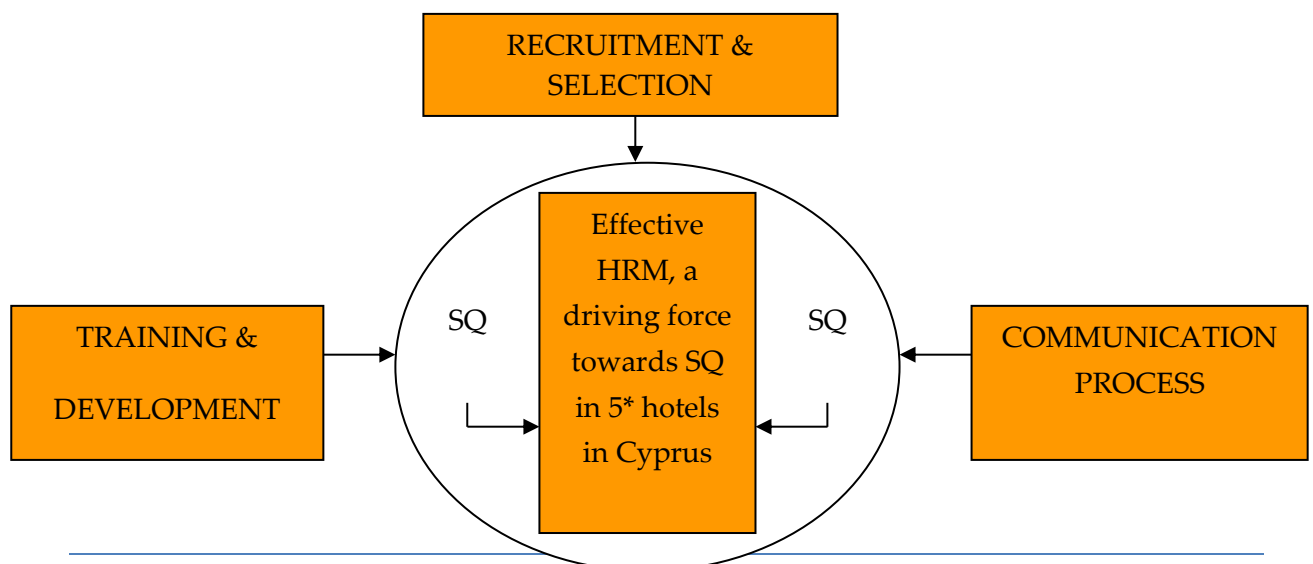
1.4 Aims of the Project

The aim is to improve understanding of the importance of HRM in the hotel industry for SQ, by acquiring new knowledge currently limited to this specific field of study. The research findings will have practical relevance and value for hoteliers, HR managers, the Cyprus Tourist Organisation (CTO), the Cyprus Human Resource Authority (CHRA), trade unions, the Cyprus Hotel Managers' Association, HR consulting bodies, and various other hospitality professionals.

1.5 Statement of Purpose

The purpose of this research as indicated in Figure 1.1 is to investigate specific issues of HRM (R&S, T&D and the communication process) in the five-star hotel industry of Cyprus, towards SQ increase in hotels and to comprehend their correlation with customer satisfaction. I will also examine the impact and importance of hotel HR departments, CTO, CHRA, trade unions and HR consulting bodies, and how they all work alone as well as together, for the above objective. Figure 1.1 is a diagrammatic conceptual HRM and SQ figure of the conducted research activity.

Figure 1.1: Diagrammatic HRM and SQ figure



For the purposes of this research, it is important to investigate the above issues, what has been undertaken up to now, and what else can be done in the future. This study will look at the importance given to the above correlated parameters in the past and how we should proceed, according to the literature review and in addition to research methodology outcomes from all the five-star hotels investigated.

1.6 Project Goal and Objectives

The primary goal of the research activity is to examine, in depth, the importance of HRM in the hospitality industry in Cyprus towards SQ and customer satisfaction.

1.7 Professional Significance of the Project Study

The professional significance of my research is that various stakeholders will benefit from the overall research process. These are:

- **The five-star hotels to be researched.** They will benefit from the measurement of SQ offered, in relation to HRM practices and suggested actions.
- **Governmental bodies such as the CTO and CHRA.** I will investigate their policies and processes to do with HRM in the hospitality industry. I will try to identify cornerstones and gaps in today's processes, and update proposals to show correlations and importance between HRM and SQ effectiveness.
- **My current employer, Adams Beach hotel,** which strongly believes in investment in HRM and SQ towards employee and customer satisfaction and loyalty. DProf played a dominant role during my recruitment and selection process in the hotel.

- **Hotel and catering schools and universities in Cyprus.** Outcomes will reflect SQ offered in hotels, since more highly qualified students will graduate from hotel and catering schools. These are students who one day will be the new life force in hotel management positions.
- **Middlesex University.** Middlesex is the university I am working with to prepare my research. My doctorate will be placed in the University's library for other students and researchers to refer to and benefit from in the future.
- **Myself.** I will enhance my general research knowledge, specifically in the HR area of five-star hotels – the area I have been working in for the past 17 years. I will be able to increase my knowledge, understanding and the importance of HRM in correlation with SQ sustainability in Cyprus five-star hotels.

1.8 My Positionality

After seventeen years of hospitality professional experience in 5* hotels in Cyprus and abroad, I decided in 2009 to carry on with the above research study. Being a person who keeps taking challenges, never compromises with the norms and typical results, but a person who strives for excellence in SQ and customer satisfaction, I had no other choice but to initiate and implement the above research study.

My unique interest in working and investing in people in the hospitality industry, along with my special interest and concern in increasing SQ and customer satisfaction in hotels, drove me towards undertaking the above research in order to not only increase my scholar and academic portfolio in the hospitality industry but also help others.

I believe that SQ contributes positively towards value for money increase and customer satisfaction in hotels. On the other hand I also believe that people in

hotels and generally HRM constitute greatly towards SQ and customer satisfaction. I also support the idea that HRM and specifically R&S, T&D and communication process are fundamental and also correlated towards SQ and customer satisfaction. Furthermore, I managed to attended a lot of training courses and cross training exposures as well as benchmarking programmes dealing with HR issues and SQ in hotels, not only in Cyprus but also overseas. In 2009 I took this major decision to proceed with the DProf in order to research more and improve understanding of the importance of HRM in the hotel industry for SQ, by acquiring new knowledge currently limited to this specific field of study, as well as in the hotel industry of Cyprus.

Over the years of my professional hotel management career in various senior hotel management posts, as well as the professional experience attained in the last six years from the general hotel management position of 5* hotels, my interest was increased in researching the hospitality industry and works towards increasing understanding of the importance of HRM and SQ towards customer satisfaction in hotels. Indeed, I personally want to primarily enhance my research knowledge especially in the hospitality field, but also as an action learner I would like to increase my knowledge, understanding and experience in the field of HRM and its correlation with SQ sustainability in the Cyprus hotel industry. I will try to increase awareness towards HRM importance towards customer satisfaction increase via R&S, T&D and communication process. In that respect, I strongly believe that a triangulation of focused and targeted literature review along with my personal, professional experience with the position of an action learner and the combination of quantitative and qualitative research in the field, will increase my scholar and experience in the filed in order to contribute more in the hotel industry of Cyprus. All these will work as driving forces towards hospitality management increase, customer satisfaction increase and hospitality scholar increase.

1.9 Organisation of the Remainder of the Study

The project consists of six chapters or thematic areas. Following this introduction in Chapter 1, Chapter 2 presents a review of the literature, including all HRM parameters mentioned in Chapter 1 and their correlation with SQ. The third chapter describes and justifies the procedures and methods of research used, including the conceptual issues of the research, research design, data collection and analysis. The fourth chapter presents a summary of the research findings produced by all measurement techniques utilised (quantitative research, focus groups, qualitative research). While Chapter 5 demonstrates a summary of recommendations and suggestions as far as effective HRM towards SQ is concerned in the five-star hotel industry in Cyprus, and specifically both 5* hotels investigated. SQ increase will be a driving force towards customer satisfaction. Finally, Chapter 6 provides conclusions, reflective discussions, implications of the study and recommendations for further study, whereas Chapter 7 presents self-reflections.

Chapter 2: Literature Review

This chapter provides a review and further argumentation of relevant literature, upon which this study is founded. It is structured around six thematic areas:

Section 1

Section 1 elaborates on HRM and its significance to the hospitality industry.

Section 2

Section 2 tackles R&S importance.

Section 3

Section 3 encompasses the value of T&D in the hospitality industry.

Section 4

An analysis of the communication process is embedded and its correlation with R&D, T&D and SQ.

Section 5

SQ analysis is undertaken, and its relation to HRM in the hospitality industry towards customer satisfaction. Related academic research is explored for HRM and SQ in the hotel industry.

Section 6

In the last section, a summary with an overview of the whole chapter is generically deployed.

2.1 HRM and its Relevance in the Hospitality Industry

Emerging from the function of Welfare secretary at the turn of the century and encouraged by Frederik Taylor's disciples in the 1920s, HRM was grounded in the emerging paradigm of industrial psychology and was viewed as a possible solution to such nagging problems such as workers' inefficiency and worker's unrest.

Banberger and Meshoulam (2000: 53)

In my opinion, by the time SQ is achieved, an employee's efficiency is improved. HRM can help a company achieve organisational effectiveness and thereby determine whether the company is good enough, fast enough and competitive enough, not only to survive but to thrive (Schuler and Jackson, 2000).

....given the importance of the customer/employee interaction to the service encounter, HRM has a key role to play in securing high levels of service quality.

Haynes and Fryer (2000: 240)

Literature finds that hotel performance is likely to be enhanced when a hotel adopts (a) R&S systems consistent with its competitive strategy (b) reward systems that reflect successful strategy implementation in Performance Appraisal (PAs) and employee compensation, and (c) T&D strategies guided by performance management systems and business objectives (Becker and Huselid, 1998). Enz's (2009) worldwide survey of 243 lodging managers' opinions on HRM issues found their major concerns were attraction, retention, training, and morale of employees.

In a review of a hundred papers concerning HRM in three leading hospitality journals, Lucas and Deery (2004) found that HRM research in hospitality

predominately replicated mainstream HRM research. They suggest that HRM hospitality researchers should look at a number of key issues including the ownership of career development and the boundary-less career, the role of HRM in managing the 24/7 work environment, the impact of shift work on health, and managing the safety and wellbeing of employees in dangerous environments.

Human capital and SQ became key themes for organisations (Davidson M.C.G, McPhail R., Barry S., 2011). It seems from literature review regarding HRM and its relation to the hospitality industry that HRM is vital in T&D and generally increased organisational performance. From one point of view, effective HRM can lead to effective organisational performance increase.

Benefits of HRM and its relation to performance

A number of studies have explored the value and significance of HRM and its congruence to high work performance. The following points exhibit the primary HRM in relation to performance related benefits along with specific reference sources.

- The development of high-performance work systems (HPWSs) and high-performance work practices (HPWPs) within the HRM approach seeks to link with HR practices improved organisational performance (Davidson, McPhail and Barry, 2011).
- The emphasis on HR to improve organisational performance has become stronger, not only because organisations with high performance are less easily imitated by competitors, but because it provides an effective and rapid response to market demands (Becker and Gerhart, 1996; Prahalad and Hemel, 1990; Stalk et al., 1992).

- Becker and Gerhart (1998) argue that HRM decisions influence organisational performance by either improving organisational efficiency or increasing business revenue.
- According to previous studies, HRM practices contribute to improving organisational performance including turnover rate (Huselid, 1995), labour productivity (Datta et al., 2003; Huselid, 1995; MacDuffie, 1995; Youndt et al., 1996), return on assets and return on equity (Delery and Doty, 1996), and profit margin (Kalleberg and Moody, 1994).
- 'There is an essential continuity of themes (managing internal employee behaviours than their external behaviours) and mechanisms, including those associated with soft HRM, such as induction, training and promotion procedures', according to Alvesson and Willmott (2002, pp. 187).
- HRM can help the company reach organisational effectiveness and thereby have a determining effect on whether or not the company is good enough, and competitive enough not only to survive but to thrive (Schuler and Jackson, 2000).
- High performance work practice encompasses such factors as training job security, decentralised management, employee empowerment, fair pay, fair procedures, and good benefits that are then complimented by management competence, according to Davidson M.C.G., McPhail R. and Barry S. (2010, pp.502)
- In a review of 100 papers concerning HRM in five leading hospitality journals Lucas and Deery (2004) found that HRM research in hospitality predominantly replicated mainstream HRM research. They suggest that HRM hospitality researchers should look at a number of key issues including the ownership of career development and the boundary less career, the role of HRM in managing the 24/7 work environment, the

impact of shift work on health, and managing the safety and wellbeing of employees in dangerous environments.

What emerges from the literature review is that HRM contributes to labour productivity and organisational performance.

Weaknesses with HRM and its relevance with the hospitality industry

Certain literature refers to problems and challenges related with HRM such as high turnover and poor training, retention and morale, rising labour cost and employee low payment, HRM as a cost centre, employees' perception and behaviour regarding HRM performance, innovation, and the crisis of trust in the eyes of stakeholders. From the above it is inferred that they are directly or indirectly linked to my HRM research parameters (R&S, T&D and the communication process).

1. Under employees and poor training – Poulston (2008) identified a number of HRM hospitality issues in New Zealand, including insufficient employees per shift, high employee turnover and poor training. Under-employment was identified as the most common problem, with 90.8% reporting this occurrence. The prevalence of high employee turnover and poor training suggests serious and persistent management inadequacy. Three major themes were identified – poor training, misuse of the concept of on-the-job training, and the frequency of sink-or-swim workplace initiations. Enz's (2009) worldwide survey of 243 lodging managers' opinions on HRM issues found their major concerns were attraction, retention, training and the morale of employees (Poulston, 2008).

2. Rising hospitality labour cost vs. employee low payment – it is inevitable that hotel managers worry about rising labour costs, whereas employees worry about low pay and poor conditions. How, then, can this be a competitive industry? Is it possible for the industry to give greater security of employment, or

will the future be a flying squad of employees attached to various specialist HR companies, who move around as and when needed? (Ebbin, 1999).

3. HRM – cost centre – HRM departments of hospitality companies are often criticised for being mere cost centres by employees. This criticism is raised because it is not easy to see the results of employee management, and difficult to measure outcomes of HRM effort (Woods et al., 1998). In a dated survey, Ebbin (1999) reports that the turnover rate in full-service restaurants was 61% in 1997, down from 75% in 1996, and a median annual turnover rate in limited-service restaurants decreased from 116% in 1996 to 85% in 1997.

4. HRM and innovation – the current literature on hospitality innovation, however, has a number of major limitations. First, it has yet to address the conceptual and empirical differences between two types of innovation (i.e. incremental and radical innovation). Second, although there is some support for the importance of HRM in promoting hospitality innovation, as mentioned above, rigorous and systematic investigation is lacking. In this study, I address these research gaps and investigate the role that HRM practices (i.e. selection and training) play in promoting both incremental and radical hospitality innovation.

5. Crisis of trust in the eye of stakeholders – the HRM profession faces a crisis of trust and a loss of legitimacy in the eyes of its major stakeholders, in the hospitality industry (Kochan, 2007).

6. Research failure to provide definitive answers on HRM performance –

Certain literature indicates HRM ineffectiveness when it comes to employee T&D, stakeholders' trust towards HR department and the company, its labour costs and low pay in the hospitality industry.

7. Weak links between high commitment and performance – There are still so many unproven or weak links between high commitment (and other HR effects) and performance outcomes that it is difficult to know how far minor conceptual reconfigurations can take us. Evidence shows that high performance in the labour process does not necessarily protect any firm or group of workers, including those of knowledge (Ebbin, 1999).

8. Soft HRM approach – The soft HRM approach (Harvard model; Beer et al., 1984) looks for ways to unleash the resourcefulness of employees through commitment and involvement with the organisation that in turn increases their effectiveness (Development humanism; Legge, 1995).

9. Major HRM concerns – Enz's (2009) worldwide survey of 243 lodging managers for their opinions of HRM issues found their major concerns were attraction, retention, training, and morale of staff.

10. Staff turnover vs. training – Davison et al. (2010) have noted that because of high staff turnover rates there is increasing pressure on training requirements to maintain service levels.

Summary of HRM Literature review findings

HRM has a key role to play in securing high levels of SQ, (Haynes and Fryer, 2000). Human capital and SQ became key themes for organisations, also encouraged by Davidson, 2011. Legge, 1995 also stated that employee's organisational commitment increases their effectiveness.

2.2 Recruitment and Selection

R&S determines the raw material with which both the personnel function and line management work. In other words, you can only retain, motivate and develop

what you can recruit. R&S thus determines the characteristics and capabilities of the potential workforce (Keep and James, 2010).

2.2.1 Recruitment

Recruitment is the process of generating a pool of capable people applying to an organisation for employment (Gold, 2007). Allen, Mahto and Otondo (2007: 34) state that:

recruitment is a mutual interaction between hiring organisations and job seekers in which organisations attempt to persuade potential applicants to pursue opportunities and job seekers search for information to narrow down the potential opportunities.

From the organisation's standpoint, the critical issue during the early stage of recruitment is to direct job seekers' attention to job openings and to stimulate their intention to apply (Gold, 2007). In the following tables, important factors in recruitment are outlined, as well as the basic recruitment channels that constitute a beneficial and successful recruitment process in the hospitality industry.

Table 2.1: Important factors in recruiting (Gold, 2007)

Factor	Importance
Experience	86%
Skills	83%
Motivation	80%
References	71%
Qualifications	54%
Availability	47%
Recommendations	40%
Age	16%

Table 2.2: Recruitment channels towards effective selection process (Gold, 2007)

Channel	% of workplaces using
Newspapers	65%
Employment Service	57%
Internal notices	52%
Recommendations by existing employees	45%
Word-of-mouth	44%

2.2.1.1 Recruitment activities

Recruitment activities are ‘actions taken by those in a HR department with responsibility for recruitment’, as Breaugh (1992: 54) states, such as placing job advertisements in selected outlets and circulating information about openings throughout the organisation. In the early stages of recruitment, job seekers may have limited knowledge about job openings and hiring organisations. Buswell et al. (2003: 23) suggest that ‘specific recruiting practices may exert a significant influence, positive or negative, on job-choice decisions’.

2.2.2 Selection

Once potential qualified candidates have been identified through the recruitment process, the next step is to select the most qualified candidates from that pool (Mercer, 1988).

A major selection method extensively used in the hotel industry in Cyprus is the Weighted Application Blank (WAB). The WAB is a procedure that draws on information collected by standardised employment application forms. The idea is

to determine whether individual questions on the application can distinguish between successful and unsuccessful employees. Once applications are identified that can, in fact, differentiate to some degree among applicants, they are weighted to reflect their degree of success in differentiating good and poor performers. This is a critical point to examine carefully to attract the best possible candidates according to staffing budgets and needs. I will also discuss later in Chapter 5 the importance of achieving the right selection process to support more effective T&D methods at a later stage.

2.2.2.1 Traditional selection techniques

1. Selection interview

The selection interview is considered the most popular selection technique in the United States (Edal, 1989) and in Europe (Shackleton and Newell, 1991). In the hotel industry in Cyprus, interviews are used a great deal in deciding whether to employ new, potential candidates.

2. Reference checking

Although the vast majority of recruiters in the United Kingdom (Robertson and Makin, 1986) and United States (Von der Embse and Wyse, 1985) take up references to verify factual statements in a candidate's application, the validity and value – especially of unstructured references such as letters of recommendation or reference reports – is low (Beason and Bolt, 1976). Reference checks are used in the Cyprus hotel industry for all departmental positions and levels. Grounded information is obtained from the employees' questionnaires in both sample hotels as well as from all interviews deployed, and can either be written or oral.

2.2.2.2 Modern selection techniques

1. Employment tests

Douglas et al. (1989: 3) state that:

employment, also referred to as “psychometric” tests, are systematic procedures for examining employment candidates and drawing methodical inferences, based on objective criteria, about their suitability for employment.

Four general types of employment are tests identified (cognitive/ability tests, personality tests, vocational and interest tests). Employment tests in the hotel industry in Cyprus are rarely used and only in certain hotels, positions and departments, as seen from the quantitative and qualitative researched deployed in Chapter 4.

2. Biodata

Biodata or biographical data, often referred to as ‘personal history inventory’ is essentially an extended application form or a questionnaire seeking information on a candidate’s past. This information is used to build up a profile of the candidate to be measured against ‘suitable’ profiles of successful managers and employees (Mitchell and Klimowski, 1982). This technique is based on the premise that personal biographical information is predictive of future behaviours and is therefore of value in selection (Savage, 1985). This technique is rarely used in Cyprus. As shown in the quantitative and qualitative researched deployed in Chapter 4, the Curriculum Vitae (CV) is used to acquire important and adequate information from a prospective candidate prior to employment in Cyprus.

3. Work sampling

In work sampling, candidates are asked to provide samples of their work, or to allow their work to be sampled, usually by presenting them with situations

simulating the actual job. According to Harrison (1993: 242), 'It provides evidence of individual performance, a commodity that is rare in other selection techniques'. It is a method used in the Cyprus hotel industry but, again, not to a great extent. It is however used in some five-star hotels at certain periods.

2.2.2.3 *Hybrid selection techniques*

Assessment centres are a highly predictive method of – usually – supervisory and managerial selection, employing a range of evaluative techniques. These often encompass structured interviews and cognitive or personality tests, situational and fact-finding exercises, problem and conflict solving, and public presentations (Byham, 1980). It is a professional method used to gather intellectual as well as academic feedback that will contribute to the final selection process decision. As seen in the research findings, assessment centres in Cyprus are used but mainly for managerial positions in four- and five-star hotels, or as specialised jobs (i.e. oriental sushi chefs, Thai massage and so on.

Benefits from R&S

Mainly recruitment channels are for potential candidates for certain positions in a hotel, such as recruitment agencies, trade unions and the hotel's internal notice boards. Selection is the process of employing the right candidate for the right position via interviews, tests and so on. A number of studies explored the value and significance of R&S and their congruence to high work performance. The following table exhibits the benefits from R&S and their relation to the Cyprus hotel industry.

Table 2.3: Benefits from R&S

<i>Benefits from R&S</i>		
<i>NO</i>	<i>BENEFITS</i>	<i>IMPACT IN CYPRUS HOTEL</i>

HRM: A Driving Force for SQ in Five-Star Hotels in Cyprus

		INDUSTRY		
		VERY	LITTLE	AT ALL
1	Improving the company's image	*		
2	Soft-behavioural skills	*		
3	Labour turnover	*		
4	Agencies contribution		*	
5	Work trials		*	
6	Smooth and comfortable transition into the hotel	*		
7	Biodata validity		*	
8	Recruitment's importance		*	
9	Personality assessments and cognitive tests		*	

1. Improving the company's image – effective R&S will not only give a solution to major problems but improve the industry's image in the market. More specifically, Huselid (1995: 145) maintains that 'getting the right person to the right spot contributes to... an increased market value of the company... and has a... negative on turnover'.

2. Soft-behavioural skills –The 'soft' behavioural skills are crucial to the effectiveness of quality management practices (Snell et al., 2000).

3. Labour turnover – the balance between the cost of R&S activity and the cost of an employment offer that would reduce levels of labour turnover (Liff, 2000).

4. Agencies' contribution – in some sectors and industries, for example, cleaning, food manufacture, hotels, and call centres, agencies now act as an important means of entry (Lloyd et al., 2008).

5. Work trials – are used in the hospitality industry whereby the candidate is given the job to do for a period of time and their performance is observed in terms of quality and speed of execution (Snell et al., 2000).

6. Smooth and comfortable transition into the corporation – quick group identification and a feeling of belonging will add to the cohesiveness and team

potential of the group, maximum productivity will be reached earlier, loyalty and company commitment will be fostered, identifiable communication channels will ease concerns and allow the channelling of energy of performance related tasks, Buonocore (1987).

7. Biodata validity – Studies have shown that of all the selection techniques reviewed, the use of biodata is the most consistently reliable and produces the greatest level of validity (Dickinson and Ineson, 1993).

8. Recruitment's importance – Kelleher and Johnson (1997: 330) state that 'at least in part, because of the high levels of labour turnover experienced by the hotel industry, recruitment was found to be a dominant activity'.

9. Personality assessments and cognitive tests – personality assessments, and cognitive tests in particular, have been demonstrated by research studies to have high predictive validities which are nearly comparable to those of biodata in employee selection (Dickinson and Ineson, 1993). Perriatt, Chakrabarty, and Lemay (2007) report that more than 40% of the Fortune 100 companies use personality tests to assess job applications from frontline workers to the CEO and all of the top 100 companies in the UK use personality tests to hire employees.

It seems that from the quantitative and qualitative research undertaken in Chapter 4 the more important strong points as far as the Cyprus hotel industry is concerned are numbers 1, 2, 3 and 6 in the above list (see Table 2.3).

Weaknesses of R&S and its relevance with the hospitality industry

It seems that R&S includes not only strengths, but also weaknesses. As you will notice below quite a few problematic R&S points make the selection process not only difficult but also unsuccessful in terms of achieving employee satisfaction,

further development and loyalty. The following table exhibits the weaknesses from R&S and their relation to the Cyprus hotel industry.

Table 2.4: Weaknesses of R&S

<i>Weaknesses from R&S</i>				
<i>NO</i>	<i>WEAKNESSES</i>	<i>IMPACT IN CYPRUS HOTEL INDUSTRY</i>		
		<i>VERY</i>	<i>LITTLE</i>	<i>AT ALL</i>
1	R&S does not have recruitment as a prime focus	*		
2	Qualifications use	*		
3	Recruiters value on candidates	*		
4	Recruiting the "Best"?		*	
5	Difficulties in attracting qualified employees		*	
6	Discriminations			*
7	Perceived Job Description		*	
8	Perceived Job Description and legislation		*	
9	Not actual but perceived selection process			*
10	Actual but perceived selection process			*
11	Actual but not perceived selection process			*
12	Race differences and sex (female)			*
13	Interview biases		*	
14	Recruiting vs. time and cost	*		
15	Qualifications		*	
16	Ability tests			*

2.2.2.4 Generic R&S weaknesses

R&S does not have recruitment as a prime focus – it is also worth pointing out that much of the research that is drawn upon in discussing R&S does not have recruitment as its prime focus, but simply deals with limited aspects of the topic (Industry in Education, 1996).

- **Qualifications use** – studies often fail to pay regard to how qualification usage relates to employers' conceptualisations of the skills that they are trying to hire (Sherry, 2008).

2.2.2.5 Recruitment weaknesses

Recruiters value on candidates – the failure of the English National Record of Achievement to gain wider acceptance and usage among employers shows that recruiters do not appear to value more detailed information on candidates if the time and cost of absorbing and sifting it is high (Roe et al., 2006).

- ***Recruiting the 'best'?*** – Beynon et al. (2002: 154-155) state that 'there is a danger of over-specification and over-recruiting, leaving an organisation with people who are too good for the job, who will get bored, and then either leave or become de-moralised and disruptive'.
- ***Recruiting vs. time and cost*** – the failure of the English National Record of Achievement to gain wider acceptance and usage among employers shows that recruiters do not appear to value more detailed information on candidates if the time and cost of absorbing the sifting it is high.
- ***Difficulties in attracting qualified employees*** – Significant difficulties in attracting and retaining quality staff result in employers to be confronted with acute skill shortages, a tightening attitude (behaviour) and high levels of staff turnover (Chand, 2010).

2.2.2.6 Selection weaknesses

Discrimination – this distinction is noted as potential cause of issues concerning discrepancies between actual and perceived job description (PJD), stemming from the anti-discrimination legislation and case law in the United Kingdom, whereby direct discrimination occurs if an organisation intentionally shortlists or hires on the basis of unlawful criteria (e.g. race, sex, disability) (Cook, 2008).

- **Perceived Job Description (PJD)** – PJD occurs only where such a perception can be substantially attributed to unlawful discrimination by the organisation, and where meaningful statistical differences exist between the majority and minority groups (or feasibly between the individual claimant and the majority group) (Chao and Nguyen, 2004).
- **PJD and legislation** – PJD can only be on the grounds of variables protected for minority groups in different countries. The most common grounds internationally are, of course, sex and race, age, marital status, disability, trade union membership and religion (Myers et al., 2008).
- **‘Not actual but perceived’ selection process** – illustrates the situation where candidates believe discrimination to have occurred, whereas in fact none has taken place, in accordance with country specific legal provisions, (Myers et al., 2008).
- **‘Actual and perceived’ selection process** – models the situation where actual discrimination has occurred and where candidates accurately perceive there to have been discrimination, on whatever relevant grounds (Bauer et al., 2001).
- **‘Actual but not perceived’ selection process** – covers the scenario where actual discrimination at law is in fact present, but has not been perceived as such by applicants for whatever reasons (Anderson, 2006).

- ***Race differences and sex (female)*** – race differences have also been found to be associated with self-selection and withdrawal from selection procedures comprising of multiple predictor methods over time, with a minority of black and female applicants reporting higher propensity to withdraw (Ryan et al., 2000).
- ***Interview biases*** – it is maintained that the main interview biases are perceptual distortions and errors, such as a ‘halo effect’ (O’Doherty et al., 1994), and stereotyping (Fletcher, 1990), as well as the personal likes and dislikes of the recruiter (McDonald and Hakel, 1985).
- It seems that from the quantitative and qualitative research undertaken in Chapter 4, the more important weak points as far as Cyprus’ R&S is concerned are numbers 1, 2 and 3 according to the list above (see Table 2.4).
- ***Qualifications*** – a potential cause of the apparent decline in the salience of qualifications within the R&S process is that, in a world where levels of education and hence qualifications are high, qualifications have become a much weaker distinguisher or signifier of unique talent as they are more or less ubiquitous (Goughlan, 2008).
- ***Ability tests*** – Previous studies reveal that cognitive ability tests are effective hiring and recruitments strategies (Ryan and Tippins, 2004). Although ability tests are the most effective way to predict job success, only between 15% and 20% of companies use some sort of ability test (Rowe, Williams and Day, 1994).

Summary of R&S Literature review findings

Personality tests to assess job applications as well as to hire employees are encouraged by Periatt, Chakrabarty and Lemay, 2007. However Chand, 2010 stated that significant difficulties are apparent in attracting and retaining quality employees.

2.3 Training and Development

The aim of the Investing in People (IIP) programme launched by the UK government in 1990 is to encourage as many employers as possible to attain a national standard of performance and commitment to their HR. Underlining the IIP concern are four principles:

1. To make a public commitment from the top to develop all employees to achieve business objectives
2. To regularly review the T&D needs of employees
3. To train and develop individuals on recruitment and throughout their employment
4. To evaluate the investment in T&D to assess achievement and improve future effectiveness.

2.3.1 Training

Training is a systematic process through which an organisation's staff gains knowledge and develops skills by instruction and practical activities that result in improved corporate performance (Go, Monachello and Baum, 1996).

Training is the acquisition of knowledge and skill for present tasks. It is a tool to help individuals contribute to the organisation and be successful in their current

positions (Fitzgerald, 1992). It helps employees learn new information, reinforce existing knowledge and learn additional skills. The training department coordinates new employee orientation, which helps new recruits grow accustomed to the policies and practices of the company. Existing employees also benefit from the training function in the form of seminars, workshops and presentations designed to reinforce existing skills and teach new skills. Training professionals carry out the tasks necessary to design and deliver these training programmes (Morgan, 2011).

2.3.2 The training cycle

Training needs – or identification of the problem. A company's discrepancy between desired outcome and actual service can be identified from customers' complaints (service, room, cleanliness, check in time, etc.). The desired outcome is the optimum results dreamed of, but unfortunately, few customers report what the problems are. Most training programmes come as a result of managers' or employees' known discrepancies.

Training objectives – establish goals of training programmes. Objectives vary: some aim to improve the services delivered to customers, while others may aim to improve productivity or reduce costs.

Training criteria – the benchmarks hospitality managers set to measure effectiveness. In effect, these benchmarks become the standards that participants should reach in their training.

Select trainees – employees with the weakest points according to customers' satisfaction and discrepancies identified by managers and employees.

Protest trainees – to establish the baseline of knowledge, skills, or abilities for the training. By testing the current knowledge, skills and abilities of employees

before beginning a training programme, managers have a base for evaluating the programme's effectiveness later on.

Choosing training needs – choosing the proper training methods and techniques.

Implementation of the training programme – following the format derived through planning.

Training evaluation – evaluating whether or not training criteria have been achieved, this is where managers fail.

2.3.2.1 *Eight characteristics model for effective training*

First – companies should view their employees as their most important asset who all have the potential to make great contributions to their company's success.

Second – companies should fully commit to employee education, T&D, equality, involvement, and offer extensive opportunities.

Third – training programmes should be linked to the company's strategic planning, product market, corporate identity, and corporate value systems.

Fourth – effective training programmes should allow employees to incorporate their newly learned knowledge, skills or behaviours into their daily operations.

Fifth – effective training programmes should be aware and understand the company's current and future business concerns that will help keep the company competitive.

Sixth – companies should develop realistic and achievable goals for training in effecting and implementing change, as well as identifying who should be trained, where, when and at what cost.

Seventh – training specifications should be developed so training methods can correspond to company requirements, as well as to select trainers.

Eighth – Haywood (1992, pp. 51) states that ‘a training evaluation should be created to measure and communicate the effectiveness of training and to assess the commitment of all participants’.

2.3.2.2 *Turnover cost categories*

In a later study, Tracey and Hinkin (2006) divide turnover costs into four categories: pre-departure costs (severance package and human resource functions related to exit paperwork), recruitment (costs associated with advertising and time creating a pool of applicants), selecting (interviewing), orientation and training. The results of their study on hospitality firms was that, on lower complexity jobs, the turnover cost was about \$5,700, and about \$10,000 on higher complexity jobs.

Employee turnover has long been a major managerial issue in the hospitality industry, where the annual turnover rate is estimated to be as high as 300% (Lloyd, 2000). It has been well documented that employee turnover involves a significant cost for the business, comprising separation costs, replacement costs, training costs, and loss of productivity, and knowledge (Pinkovitz, Moskal and Green, 2002); Smith and Watkins, 1978); Tracey and Hinkin, 2006). A study estimated that replacing a non-management employee costs as much as 30% of the employee’s annual salary, whereas replacing a manager incurs almost half of the manager’s annual salary.

Training seems to be a main factor as regards HRM in various industries, specifically the hospitality industry, since it impacts on SQ and service productivity. According to the aforementioned issues, IIP is important and one of the driving forces of investing in people is T&D. According to the contextual

issues above, a major factor in employee turnover is training. It is inferred that training not only works towards the acquisition of knowledge and skill, but for the reduction of employee turnover.

2.3.3 Development

Development is a process that can take place at any time and is not constrained by parameters at specified points within an individual's childhood, adolescence or working life. It is possible to identify the main contexts in which such development takes place in relation to the tourism industry: time, place, reason, meeting costs, method, measurement and recognition of outcomes (Baum, 1995).

Development is defined as:

- The acquisition of knowledge and skill that may be used in the present or future
- The preparation of individuals to enrich the organisation in the future
- The act of being involved in many different types of training activities.

Development looks beyond today. It has a more long-term focus – perhaps one to four years. Training, on the other hand, is short-term – a year or less. Development is necessary so people can meet new challenges and ensure the long-term health and vitality of an organisation. Development differs from training in that it does not occur during a class; it is what happens after the class that causes the real development to occur.

2.3.3.1 Development plan

A development plan complements a performance plan and includes the following:

- A list of one to four measurable development objectives
- A long-term focus (up to four years)
- A focus on the employee's present job or future opportunities

- An action plan.

The development plan is different from a performance plan. It focuses exclusively on growth and development. Actual performance will certainly enter into the discussion, but the development plan discussion should not turn into another performance review. Performance plan and development plan discussions are two separate but related conversations and should occur at different times.

2.3.4 *Benefits from T&D*

T&D seem to be the dominant aid to effective HRM. A number of studies have explored the value and significance of T&D and their congruence to SQ. The following table exhibits the benefits from T&D and their relation to the Cyprus hotel industry.

Table 2.5: Benefits of T&D

<i>Benefits from T&D</i>				
<i>NO</i>	<i>BENEFITS</i>	<i>IMPACT IN CYPRUS HOTEL INDUSTRY</i>		
		<i>VERY</i>	<i>LITTLE</i>	<i>AT ALL</i>
1	Training an important process		*	
2	Training an on-going process		*	
3	Improving knowledge in the hospitality industry	*		
4	Training and its importance to the SQ hotel industry		*	
5	Training, an on-going journey to excellence		*	
6	Think like owners			*
7	Training is part of SQ		*	
8	Training vs. skills enhancement		*	
9	Training vs. productivity		*	
10	On-the-job Training vs. problems solving		*	
11	Performance appraisal's importance			*
12	Employee's organisational goals vs. development		*	
13	Management vs. career development interventions			*
14	Reward vs. turnover	*		
15	Reward vs. employee motivation		*	

Training an important process – Enz and Siguaw (2000: 17) state that ‘training has become an increasingly critical area of management for companies to enhance SQ, reduce labour costs, and increase productivity’.

Training, an on-going process – Roehl and Sweldlow (1999: 176) state:

training begins once an employee joins the company and should continue throughout their tenure with the company. Studies have shown that training has been linked to improved self-esteem, reduced business costs, the use of new technology, greater ability to meet the needs of a target market, more qualified employees, increased self-awareness, improved attitude more teamwork, greater job satisfaction and greater organisational commitment.

Improving knowledge in the hospitality industry – Barros (2005: 11) states that ‘training has been shown to improve knowledge and in turn knowledge

improves the delivery of hospitality business-related activities'. Studies have shown that training programmes increase employee satisfaction, morale and retention, and decrease turnover and hiring rates.

Training and its importance to the SQ hotel industry – Wilkins, Merrilees and Herington (2007: 851) state:

training is important as it is part of the SQ and drives the performance of hotels. When employees are unhappy in their jobs, their dissatisfaction is often directed at customers. The hotel industry in particular depends heavily on its SQ; as Wilkins, Merrilees and Herington (2007: 841) point out, 'perceived SQ derives from the individual service encounter between the customer and the service provider, during which the customer evaluates quality and develops satisfaction or dissatisfaction'.

Training, 'an on-going journey to excellence' – hotels should view training as core best practice, necessary to sustain the on-going journey to excellence versus a programme to complete, a workshop to attend or certification to achieve (Kennedy, 2009).

'Think like owners' – as previously mentioned, the owner-managers believed that the predominant organisational cultures were those with empathetic ethos and which actively promote comprehensive approaches to training. This does not necessarily mean formal promotion, but cultures that encourage employees to seek out ways of enhancing their skills, with a degree of flexibility and variety (Kent, 2010).

Training is part of SQ – 'Training is important as it is part of the SQ that drives the performance of hotels', Wilkins, Merrilees and Herington (2007: 851) suggest.

Training vs. skills enhancement – An implicit assumption of most studies of training incidence and intensity is that the more training the better the greater the enhancement of skills. The 2006 Skills Survey asked trainees directly whether the training they had received in the 12 months before being interviewed had increased their skills in their current job, over 90% of respondents reported that the training they had received had done so, (Felstead A., Gallie D., Green F. Zhou Y., 2010).

Training vs. Productivity – In much of the economic literature, training is seen as directly increasing the productivity of employees through the development and application of some well-defined competence.

On-the-job Training vs. Problems solving – It is frequently claimed that some workplaces are better at engendering more on-the-job learning than others. Aston and Sung (2002: 154) stated that: ‘by presenting employees with new challenges in the workplace on a day-to-day basis, they encourage continuous problem solving and learning.... compared to the old traditional organisation where opportunities to learn were minuscule’.

Performance Appraisal's importance – ‘PA’s can also help companies measure and evaluate training programmes. PA is defined by Mondy (2008: 245) as a ‘system of review and evaluation of individual or team task performance’.

Employee's organisational goals vs. development – employees increase their effort and commitment to the attainment of organisational goals because they wish to gain access to valuable career development opportunities on offer (Kramer et al., 2010).

Management vs. career development interventions – a wide range of career development opportunities were made available to employees, including

mentoring schemes, support for qualification attainment, careers counselling services, development centres, secondments, job rotation, career development planning internal promotion and skills/knowledge development via regular in-house/external T&D courses (Crawshaw, Rolf and Brodbeck, 2011).

Reward vs. turnover – according to the National Restaurant Association's (NRA) 1998 quick-service operator survey, four types of rewards such as pay raises, promotions, bonuses, and profit sharing had positive impacts on lowering turnover rates (Ebbin, 1999). In Japanese organisations, together with training and development, employee benefit management has been emphasised as a sub-system in HRM conducive to employee retention. (Yamamoto, 2011).

Reward vs. Employee motivation – Using individual performance as the main criterion to determine the level of compensation increases the instrumentality of high performance in obtaining a reward (expectancy theory); it also becomes an objective and challenging goal that motivates employees (goal-setting theory), (Chang, 2011).

It seems from the quantitative and qualitative research undertaken in Chapter 4 that the most important T&D points as far as Cyprus' hotel industry is concerned are numbers 3 and number 9 only, according to the above (see Table 2.5). I will show later on in Chapter 4 that there is much more that could be done as far T&D is concerned in the hotel industry of Cyprus.

2.3.5 Weaknesses with T&D and its relevance with the hospitality industry

A number of research studies identify T&D and its relevance with the hospitality industry, related problems and dilemmas again. The following table exhibits the weaknesses from T&D and their relation to the Cyprus hotel industry.

Table 2.6: Weaknesses of T&D

<i>Weaknesses from T&D</i>				
<i>NO</i>	<i>WEAKNESSES</i>	<i>IMPACT IN CYPRUS HOTEL INDUSTRY</i>		
		<i>AGREE</i>	<i>NEUTRAL</i>	<i>DISAGREE</i>
1	Hospitality industry poor training reputation	*		
2	SMEs Vs. less training programmes	*		
3	P.T. hospitality employees in UK vs. training	*		
4	Training programmes vs. cost	*		
5	Training vs. Morale	*		
6	Careerist-oriented employees vs. manager's perception	*		
7	Lack of empirical studies		*	
8	Small hospitality businesses, fewer training	*		
9	Dependence on, on-the-job training	*		
10	Chronic fear of employees' mobility and turnover	*		
11	Careerist employee's perception vs. employers	*		
12	Is there relationship between HRM and development finally?		*	

- 1. Hospitality industry poor training reputations** – although most hospitality organisations train employees to behave appropriately with customers (Gilbert et al., 1998), the industry has a poor reputation for training, (Maxwell et al., 2004; Poulsten, 2003), although this is not well supported. A survey conducted by People First (2010) has shown that around a third of employers in the UK hospitality industry do not provide training for their employees.
- 2. Small to medium enterprises (SMEs) vs. less training programmes** – Jameson (2000) showed that in SMEs only 14% of the managers in the research sample used off-the-job training, because they believed it to be more costly than on-the-job training.
- 3. Part-time hospitality employees in UK vs. training** – it is obvious from the literature on training of part-time (PT) employees that hospitality

managers tend to provide them with fewer training opportunities than their full-time (FT) colleagues. Interestingly, 15 out of 22 managers explained that PT employees do not have access to the same training opportunities as their FT counterparts. As mentioned by one of the managers, part-timers only receive 'basic training'.

4. ***Training programmes vs. cost*** – many hospitality companies are not convinced that training pays off. An American Society for Training and Development (ASTD) report indicated that only 8% of U.S. companies collect data and estimate their return on investment (ROI) for training (Gomez-Mejia, Balkin and Cardy, 2007).
5. ***Training vs. morale*** – another consequence of reducing training programmes is morale. Chow, Haddad and Singh (2007: 82) found in their study of 46 hotels in San Diego that 'by providing training in turn can improve managers' morale'. These results suggest that by reducing training programmes, employee morale, productivity and satisfaction will be negatively affected, thus affecting the company's performance and customer experience.
6. ***Careerist-oriented employees vs. managers' perception*** – a lack of trust in the employer's ability, or willingness, to provide long-term job security leads to a focus on protecting one's own career interests (Feldman, 1985, 1988; Feldman and Weitz, 1991).
7. ***Lack of empirical studies*** – Some authors could find no previous empirical studies exploring the relationship between employee perceptions of their career development opportunities and their proactive behaviour (Aryee and Chen, 2004).

It seems that from the quantitative and qualitative research undertaken in Chapter 4 there are many important weak points so far as Cyprus' T&D is concerned, (see Table 2.6).

8. *Small hospitality businesses, fewer training* – Becton and Graetz (2001)

confirm that employees in small hospitality businesses often receive fewer training opportunities than those in larger businesses due to a number of barriers, including cost of training, inflexible hours and place of delivery.

9. *Dependence on on-the-job training* – the majority of owners/managers, 16 out of 22, explained that they depend only upon on-the-job training – a 'buddy system' – because it is less costly than off-the-job training. They also stressed that it is the most common type of training in the majority of hospitality organisations, especially in small and independent organisations, which concurs with Jameson's (2000) research findings.

10. *Chronic fear of employees' mobility and turnover* – Butcher, Sparks and McColl-Kennedy (2009: 389) state:

'during unpredictable financial situations, companies begin to reduce training programmes to ease budget constraints. Usually at this point training programmes are reduced or eliminated. For instance, some companies have a chronic fear of employees' mobility and turnover; therefore efforts to develop employees are seen as a largely wasted investment.

11. *Careerist employee's perception vs. employers* – Careerist-oriented employees acknowledge a disconnection between their own long-term career development goals and the goals of their employers (Feldman and Weitz, 1991).

12. Is there a relationship between HRM and development, finally? – A

conclusion is that, after over two decades of extensive research, we are still unable to answer core questions about the relationship between HRM and development (Feldman, 1989). Also, no previous empirical studies were found to have explored the relationship between employee perceptions of their career development opportunities and their proactive behaviour (Aryee and Chen, 2004).

Summary of T&D Literature review findings

Felstead, 2010 stated that the more training the greater the enhancement of skills. It is also encouraged that training is seen as a direct increase in employees' productivity. It is also encouraged by Aston and Sung 2002, that on-the-job training contributes towards problems solving. Chang, 2011, stated that reward system constitutes towards employee motivation increase.

2.4 Communication Process

In a nutshell, in this new era of globalisation, organisations are beginning to realise that employee communication is no longer 'nice to do', it is critical to succeed. (Michael, 1995)

Communication is the sharing of information between two or more individuals or groups to reach a common understanding. The most important part of this definition is that the information or ideas conveyed must be understood. In the workplace, communication should flow into and out of every department. In many

cases the effectiveness of a department contributes towards effectiveness of their own work place.

Effective communication happens largely at an unconscious level, and that is why the most effective communicators of all time paid so much attention to how they were delivering their message as they did to the exact words used. Communication is essential for effective functioning in every part of an organisation. Although marketing, production, finance, personnel and maintenance departments may receive direction from corporate goals and objectives, communication links them together and facilitates organisational success. In order for a hotel to communicate effectively with its external public, it must first possess a strong foundation of effective internal communication, before proceeding to enhance effective external communication (Proctor and Doukakis, 2003). Communication is needed to increase efficiency, satisfy customers, improve quality and create innovative products. Two people are involved in dialogue: the person speaking and the person listening. Therefore, we should not engage in passive thinking but adopt a participative approach. It is sometimes difficult to concentrate if we are not actually speaking, especially if we have much on our mind, and on the whole people are poor at listening

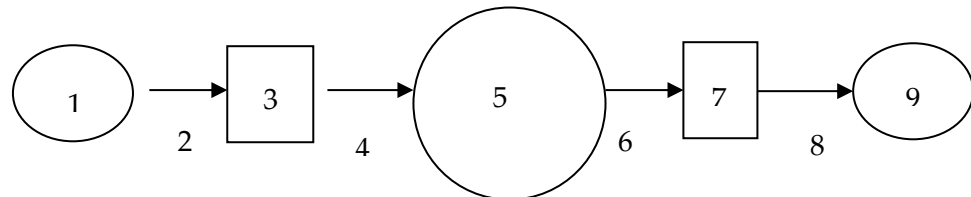
The barriers to effective communication are as outlined below:

Language (foreign speech, accent, regional dialogue, the use of jargon or technical language, 'waffle', giving insufficient information, giving too much information, etc.).

Psychological aspects (shyness, aggressiveness, the use of emotive words and words, which exaggerate provoke both the communicator's and the listener's own attitudes, opinions, bias and prejudices, feelings of threat, fear and inadequacy, etc.).

Physical situations (physical disability or illness, practical issues such as poor timing, interruptions, distance from the person receiving the communication, a noisy environment, inadequate space, too hot or cold and so on) (Stables, 1997).

Figure 2.1: An example of the hotel communication process



No. 1: Source, Nos. 2, 4, 6, 8: message, No. 3: encoding, No. 5: channel, No. 7: decoding, No. 9: receiver

2.4.1 Hotel communication process example

In order to make it more understandable an example of a hotel situation will be explored to explain theory of the hotel communication process. The scene will be enacted at the hotel's reception desk, where a customer is expecting to change rooms due to some hardship suffered with their previous room.

Source – (front office) – clarify why you're communicating, and what you want to communicate. You also need to be confident that the information you're communicating is useful and accurate. *(Since the customer is facing a problem with their room, they are communicating the problem to the receptionist.)*

Message – (room change) – the message is the information that you want to communicate. *(The message in this scenario is the room change due to the problem with the previous one.)*

Encoding – the process of transferring the information you want to communicate into a form that can be sent and correctly understood at the other end. A key part

of this is knowing your audience: failure to understand who you are communicating with will result in delivering a message that is misunderstood. (*The receptionist is informing the customer that they are pleased to inform them that a new room is now available to begin the transferring process.*)

Channel – (face-to-face) – messages are conveyed through channels, such as verbal (as face-to-face, meetings, telephone and so on). (*It is a face-to-face channel, which the receptionist used to gradually manage the change of room for the customers.*)

Decoding – Just as successful encoding is a skill, so is successful decoding (involving for example, taking the time to read a message carefully, or listen actively to it). (*The customer carefully listens to the receptionist and he/she is pleased with it since the whole decoding of information passed to the customer is clear and transparent.*)

Receiving – individuals enter into the communication process with ideas and feelings that will undoubtedly influence their understanding of your message, and their response. To be a successful communicator, you should consider these before delivering your message, and act appropriately. (*Again the customer is pleased to hear that the receptionist found another room to please them, and proceed with the transferring from one room to the other.*)

Feedback – your audience will provide you with feedback, as verbal and non-verbal reactions to your communicated message. Pay close attention to this feedback, as it is the only thing that can give you confidence that your audience has understood your message. (*After the receptionist arranged the transfer from one room to the other, the customer comes back to the reception to thank the receptionist for the whole procedure, since he or she achieved what they wanted in a short space of time.*)

2.4.2 Benefits of communication

The following table exhibits the benefits from communication and their relation to the Cyprus hotel industry.

Table 2.7: Benefits of communication

<i>Benefits from Communication</i>				
<i>NO</i>	<i>BENEFITS</i>	<i>IMPACT IN CYPRUS HOTEL INDUSTRY</i>		
		<i>AGREE</i>	<i>NEUTRAL</i>	<i>DISAGREE</i>
1	Supervisors, managers who are open to ideas and listen		*	
2	Clarity is a hallmark of excellent communication		*	
3	Workplace communication vs. business performance and employee communication	*		
4	Leaders, listeners and effective listening		*	
5	Continuous transfer of knowledge		*	
6	Emotional and cultural intelligence		*	
7	Picture use		*	
8	Face-to-face communication	*		
9	Communications development		*	
10	Language similarity between supervisor and subordinates	*		
11	CSQ's development importance		*	
12	Unitarian approach		*	
13	Effective communication vs. SQ culture increase		*	

- ***Supervisors, managers who are open to ideas and listen*** – supervisors and managers who are open to ideas, who listen and pay attention, who offer guidance for solving job-related problems. They also offer guidance for solving job-related problems and offer feedback, which is reflected in employees who receive pay raises, bonuses, have opportunities for advancement and have a feeling of accomplishment (Argyris, 1999).
- ***Clarity is a hallmark of excellent communication*** – its absence leads to confusion, complacency and even chaos (Cheng and Lee, 2007).

- ***Workplace communication compared to business performance and employee communication*** – the fundamental purpose of workplace communication in a leading four-star hotel, again, was to enhance business performance and employee communication (Konczak, 2005).
- ***Leaders, listeners and effective listening*** – staff develop a team spirit that facilitates the accomplishment of their action plans. In today's dynamic service setting, I propose that effective listening is the key competence required for creating an environment that will facilitate the implementation of strategic plans (Argyris, 1999, 1993; Cheng and Lee, 2007; Collins, 2005; Konczak, 2005). Listening is increasingly linked to service excellence, vendor partnerships, and other hospitality relationships (Lewis, 2000; Steil and Brommelje, 2004). It is not surprising that listening is particularly valued in hospitality organisations where employees interact with both internal and external customers. Listening at the individual level demonstrates to employees that they are recognised and valued. Giving 'voice' to service workers has been recognised as a key leadership task; effective listening helps to set the stage for full employee participation and empowerment (Conger and Kanungo, 1988).
- ***Continuous transfer of knowledge*** – all share a common theme of encouraging employees to challenge what and how things are done. Focus is on the continuous transfer of knowledge, which increases the resources available to solve organisational problems and make effective decisions (Cornett, 1998; Sinkula, 1994).
- ***Emotional and cultural intelligence*** – are becoming increasingly important to hospitality practitioners, especially when the workforce is diverse and customers are increasingly international. Leaders who

accurately interpret messages recognise how the workplace itself impacts employee perceptions and behaviour (Steil and Brommelje, 2004).

- **Picture use** – by using pictures, the learner engages in different cognitive functions and deep-processing learning (Bartholomew and Broome, 2009).

It seems that from the quantitative and qualitative research explored in Chapter 4 that there is a lack of effective communication in the Cyprus hotel industry, and findings will be reported in Chapter 4 (see Table 2.5).

- **Face-to-face communication** – Howard (2000) states that employers need to make face-to-face communications with the internal public to maintain their effective internal communication. It is in fact the backbone of their internal communications programmes. Moreover, it could help managers to develop a positive working relationship with their employees, as it offers enhanced two-way communication.
- **Communications development** – hotels develop employee communication skills by measuring communication effectiveness through surveys and PA.
- **Language similarity between supervisor and subordinates** – research in hospitality management has shown that language similarity between supervisor and subordinates is a complex and important issue for effective commitment among employees (Potts and Reynolds, 2010).
- **CSQ's development importance** – a Communication Satisfaction Questionnaire, or CSQ, was developed by Downs and Hazen (1977) to investigate the relationship between communication and job satisfaction. Eight factors were identified to explain communication satisfaction: communication climate, supervisory communication, organisational

integration, media quality, co-worker communication, corporate information, personal feedback, and subordinate communication.

- **Unitarian approach** – The Unitarian approach assumes a common interest between employers and employees, attempting to encourage commitment, communication and reward from both (Guest, 1987).
- **Effective communication vs. SQ culture increase** – Effective communication can improve workforce awareness of organisational objectives and encourage greater commitment towards the attainment of strategic goals. Watson and D'Ammunzio-Green (1996), along with Haynes and Fryer (2000), found that effective communication practices are also essential to develop a culture of SQ in the hotel industry.

2.4.3 Weaknesses with communication and its relevance with the hospitality industry

The following table exhibits the weaknesses from communication and their relation to the Cyprus hotel industry.

Table 2.8: Weaknesses in communication

Weaknesses from Communication				
NO	WEAKNESSES	IMPACT IN CYPRUS HOTEL INDUSTRY		
		VERY	LITTLE	AT ALL
1	Underrepresented or misunderstood employees	*		
2	Lack of shared information vs. poor team-function	*		
3	Information flow	*		
4	Internal communication activities vs. lower priority task	*		

Research studies also identify communication and its relevance with the hospitality industry, related problems and dilemmas. As may be seen, many of those deal with employee misunderstandings, lack of sharing information between

departments, frequently lower priority for internal communication activities, employees not being well informed, language barriers, and so on.

- ***Underrepresented or misunderstood employees*** – employee satisfaction and commitment becomes increasingly difficult when individuals feel underrepresented or misunderstood. Gender issues have also been widely studied (Knutson and Schmidgall, 1999; Nelson, 1990; Shinew and Arnold, 1998), particularly in food service operations.
- ***Lack of shared information vs. poor team functioning*** – conflicting priorities and lack of shared information among departments results in poor team functioning. The housekeeping employees and front desk employees, members of the sales and banquets departments all benefit from planned and spontaneous communication as well as informal dialogue with co-workers (Knutson and Schmidgall, 1999).
- ***Information flow*** – information does not automatically flow through an organisation; when it does, it is often distorted and incomplete. In larger hospitality organisations it is not unusual for employees – particularly frontline employees – to admit they have never seen their general manager and cannot describe the organisation's mission (Overholt, 1997; Woods, 2006).
- ***Internal communication activities vs. lower priority task*** – it is believed that some organisations do not realise that internal communication activities can be critical in selling their products and services. The absence of internal communication may wipe out support and loyalty among employees (Hashim, 2002).

- It seems that from the quantitative and qualitative research explored in Chapter 4 that there are many important weak points as far as communication is concerned (see Table 2.8).

Summary of Communication Literature review findings

Watson and D'Ammunzio-Green (1996), along with Haynes and Fryer (2000), encouraged that effective communication practices are also essential to develop a culture of SQ in the hotel industry.

2.5 Service Quality (SQ)

Service means different things in different contexts. Gronroos (1990: 27) defined service as:

an activity or series of activities of more or less intangible nature that normally, but not necessarily, take place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems.

Service is intangible, heterogeneous, inseparable, and it requires simultaneous customer participation during the service delivery process. The domination of the

service sector today is confirmed by the fact that 70% of the world GDP is realised in the service sector. The same sector sees the concentration of 70% of workforce (Grzinic, 2007).

The importance of SQ is well recognised in the hospitality industry, since hotels cannot survive intense competition without satisfying their customers with SQ, Garvin (1988). SQ has a significant impact on customer satisfaction and customer loyalty (Eskildsen et al. 2004). High SQ will eventually win over customers and help an organisation achieve its business goals. The crucial part of SQ lies in the interactions between the buyers and sellers. In the service sectors, frontline service employees are the representatives of their organisation. Service organisations can build their competitive advantage by providing exceptional customer service. To achieve this, every service organisation must have an empowered workforce (Tschohl, 1998). Zeithaml (1988) defines perceived SQ as the consumer's judgement about the overall excellence or superiority of a service experienced.

Several measurement scales, for instance SERVQUAL, have been developed to capture SQ as a multidimensional construct (Parasuraman, Zeithaml and Berry, 1988). In the service industry, however, research by Ekinici (2001) found that SQ is two dimensional – physical quality and employees' behaviour. Ekinici (2008) confirms the external validity of the physical quality and employee's behaviour scale in service firms. The employee's behaviour scale includes items relating to attitude, helpfulness, and competence of the service employees.

Quality is considered to be of very great importance in the hospitality industry. Mill (1986) identifies the aim of SQ as being able to ensure a satisfied customer. However, the focus of quality initiatives has been primarily on selection and training of frontline employees. Delivering SQ should be based around the

expectations of customers, as one of the most common causes for poor SQ by service firms revolves around not knowing what customers expect (Zeithaml et al., 1990).

Employers must define SQ goals and achieve employee commitment, as well as ensuring employees have the appropriate skills, knowledge, attitude, authority and access to information necessary for providing high quality customer service (Hoque, 2007; Evans, 2003).

Communication with the market also influences the service expected. Experienced service, here called perceived service, is the result of a series of internal decisions and activities. The management's perceptions of the consumer's expectations are the guiding principle when deciding on the specifications of the SQ that the company should follow in providing service.

Person-to-person interactions between customers and employees are an essential element in the marketing of services and building of loyalty (Crosby, 1984; Zeithaml et al., 1993).

SQ has become an important research topic because of its perceived relationship to costs (Crosby, 1984), profitability (Buzzell and Gale, 1987), customer satisfaction (Bolton and Drew, 1991), customer retention and positive 'word-of-mouth' (Reichheld and Sasser, 1990). SQ is widely viewed as a major driver of marketing and financial performance (Buttle, 1996). Quality is believed to have replaced price as the determining factor in consumer choice (Harrington and Akehurst, 2000).

The literature review shows that HRM, and specifically the right selection process, training of employees, employees empowerment and communication effectiveness plays a dominant role in customer satisfaction and SQ increases in

the service industry. Customer satisfaction will be further elaborated. Definitely these literature review findings will contribute to more effective and efficient quantitative and qualitative research, as explored in Chapter 4.

Customer satisfaction

Satisfaction is a psychological outcome emerging from an experience, whereas SQ is concerned with the attributes of the service itself. Parasuraman et al. (1988) agree but state that customers use the same criteria to judge both, as the two are interrelated. Satisfied customers offer businesses a promise of enhanced revenue and reduced operating costs. Initial customer satisfaction research indicates that both satisfied and dissatisfied customers dramatically affect a firm's bottom line. Numerous empirical studies confirm the positive correlation between customer satisfaction and profitability (Anderson et al., 1994). One hundred satisfied customers generate 24 new customers. For every complaint received, 20 other customers feel the same way but do not bother to complain. The cost of acquiring a new customer is four times as great as the cost of keeping a satisfied customer (Alan Dutka, 1995).

As suggested by 'the service-profit chain', providing employees with a superior internal working environment is likely to lead to satisfied employees who are both loyal to the organisation (bearing in mind the concerns raised earlier on about 300% annual turnover in the hotel industry, with all its consequences) and able to provide the customer with an excellent service experience. Over time, they will exhibit loyalty behaviour such as continued purchasing and increased referrals. These will generate increases in both market share and profitability for the service firm (Heskett et al., 1994, 1997). Customer satisfaction is expressed through comments and often a larger than normal tip, reinforcing the relationship and

increasing the waitperson's enthusiasm for the next customer encounter (Heskett et al., 2009).

The ability to respond quickly and effectively (time-based competition) and to satisfy customer needs has become a defining characteristic of competitiveness and of success for many companies (Gursoy and Swanger, 2007). Frontline employees' interaction with customers, therefore, tends to play a significant role in quality perceptions and customer satisfaction due to the fact that hospitality and tourism products are often highly complex and present a summation of interaction, exchange and performance between employees and customers (Bitner et al., 1990). Hospitality employees are part of the product, thus are ultimately responsible for the satisfaction or dissatisfaction of customers (Zeithaml et al., 1993).

A customer could judge the quality of the service received as 'good', but they may not have experienced satisfaction (Randall and Senior, 1996).

Gursoy and Swanger (2007) suggest that, in the hospitality and tourism industry, attention to service and customer satisfaction is considered to be a given factor that is an expected and a natural part of day-to-day operations. Hospitality and tourism companies cannot survive without satisfied customers; however, having satisfied customers may not guarantee success for any hospitality and tourism business.

Service mechanisms

Services can be delivered through several mechanisms, and building customer loyalty. Gutek et al. (1995, 1999, 2000) and Gutek and Welsh (2000) distinguish between three types of service delivery to customers: service relationships, service encounters, and service pseudo relationships. If a customer has

repeated contact with the same service providers, a service relationship takes place.

In a service relationship, the customer and the service provider interact with each other repeatedly and sometimes get to know each other on a personal level. They expect to interact with each other in the future and therefore develop a history of interactions over time. An example of a service relationship is a hotel customer chooses to meet the same receptionist behind the counter to have either a conversation or make various enquiries.

In a service encounter, on the other hand, the service provider and customer interact with each other only on a single occasion and do not expect to interact again in the future (Gutek, 1995).

Pseudo relationships, the third type of service interaction, are a hybrid type. Customers who have pseudo relationships usually return to the same service organisation, but each time they see a different service provider (Gutek et al., 1999). In other words, the customer has a history of repeated interactions with the hotel but has no personal relationship with any individuals.

2.5.1 Service modes

Three modes through which customers obtain services are face-to-face (actually interacting with the service provider in person), by telephone (either speaking to the service provider directly or accessing the service through an automated system), and over the Internet (when they are unlikely to interact with a person online). Customer service used to be obtained only through personal face-to-face contact. As organisations, technology, and customers change, more service interactions could be handled by telephone.

2.5.2 Service-profit chain

The service-profit chain, developed from analysis of successful service organisations, puts 'hard' values on 'soft' measures. It helps managers target new investments to develop service and satisfaction levels for maximum competitive impact, widening the gap between service leaders and their merely good competitors. What drives growth and profitability in a service business is having highly satisfied customers, and to keep those customers profitable all the aspects of your operation that affect a customer's satisfaction need to be managed. What Parasuraman calls the 'service-profit chain' establishes relationships between profitability, customer loyalty, and employee satisfaction, and productivity. The links in the chain (which should be regarded as propositions) are as follows:

Profit and growth, stimulated primarily by customer loyalty.

Loyalty is a direct result of customer result of customer satisfaction.

Satisfaction is largely influenced by the value of services provided to customers.

Value is created by satisfied, loyal and productive employees.

Employee satisfaction, in turn, results primarily from high quality support services and policies that enable employees to deliver results to customers.

2.5.3 Five service dimensions

Parasuraman et al. (1989), introduced five service dimensions.

Reliability is defined as the ability to perform the promised service dependably and accurately.

Responsiveness is defined as willingness to help customers and the provision of prompt service.

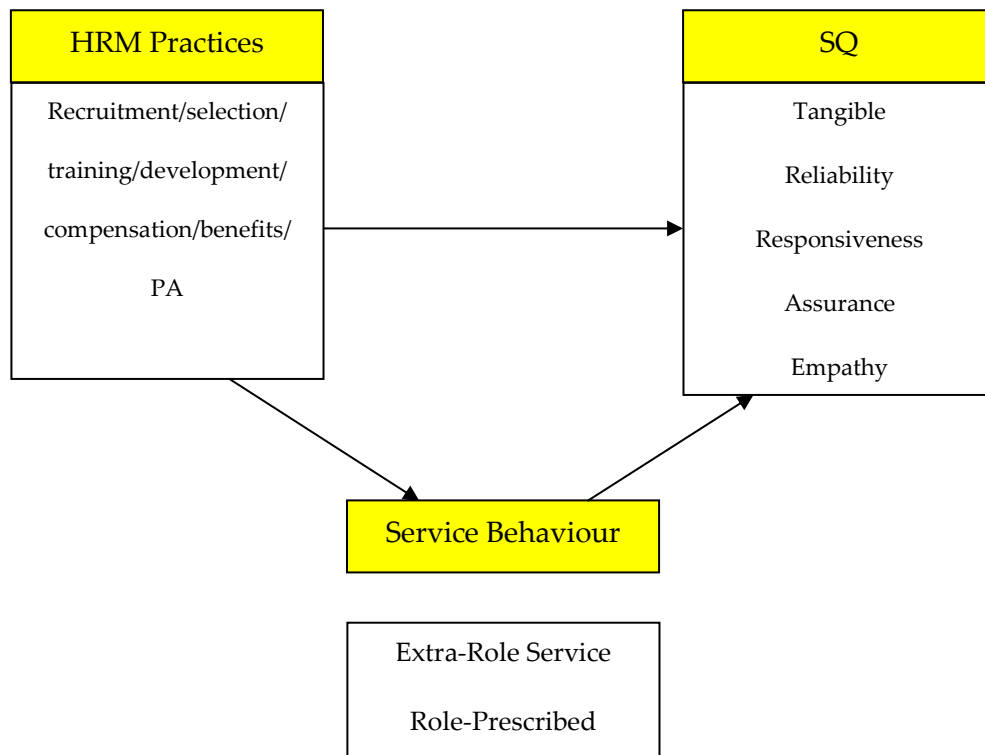
Assurance is defined as the knowledge and courtesy of employees and their ability to inspire trust and confidence.

Empathy is defined as caring and individualised attention to customers.

Tangibles are physical facilities, equipment, and appearance of personnel.

2.5.4 The role of service behaviour between HRM practices and SQ

Figure 2.2: Model of relationship among HRM practices, service behaviour and SQ



Ulrich et al. (1991) argue that selection, hiring, appraisal, promotions, and reward administration practices can be used to 'increase the shared mind-set among employees and customers', which leads to the organisation attracting customers and being competitive. In other words, when employees feel well treated by management's human resources they treat clients effectively. Researchers on the dimensions of SQ also support the hypothesised relationship between customer-oriented behaviour and SQ assessment. Key dimensions of SQ such as empathy,

assurance and responsiveness (Parasuraman et al., 1988) are all potentially enhanced through the performance of customer-oriented behaviour, resulting in more favourable evaluations of overall SQ. Kelley and Hoffman (1997) report that employees who help customers by performing customer-oriented behaviour during the service delivery process are more likely to feel better about the SQ than those who do not act favourably toward the customer. Morrison (1996) identifies HRM practices that can be used to elicit service behaviour and hence SQ.

The above model will play an important role so far as my quantitative and qualitative research is concerned, in order to prove that HRM is very important and correlated to SQ in order to increase customer satisfaction.

2.5.5 Benefits from SQ and its relevance to hotels

The following table exhibits the benefits from SQ and their relation to the Cyprus hotel industry.

Table 2.9: Benefits from SQ

<i>Benefits from SQ</i>				
<i>NO</i>	<i>BENEFITS</i>	<i>IMPACT IN CYPRUS HOTEL INDUSTRY</i>		
		<i>VERY</i>	<i>LITTLE</i>	<i>AT ALL</i>
1	SQ vs. Competition Vs. Profitability	*		
2	SQ vs. Customer Satisfaction	*		
3	SQ vs. Employee levels	*		
4	F&B SQ vs. Profitability	*		
5	Superior SQ	*		
6	SQ vs. Emotional Satisfaction	*		
7	SQ vs. friendly service	*		
8	SQ vs. Frontline employees	*		
9	SQ vs Empowerment	*		
10	SQ vs. Empowerment vs. Job Satisfaction	*		
11	Extra role	*		
12	More Personalised service	*		
13	Customer satisfaction importance	*		
14	Literature review vs. SQ vs. Customer Satisfaction	*		
15	SQ vs. Culture	*		
16	Communication vs. Customer Satisfaction	*		

17	Employee Loyalty vs. SQ increase vs. Team work & Communication increase	*		
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SQ vs. competition vs. profitability – despite the fact that the effectiveness of a service business is linked to SQ and, in the hotel sector, SQ not only has a positive and direct effect on competitiveness but an indirect positive effect via other variables such as occupancy level and average direct costs (Harrington and Akehurst, 2000). SQ leads to customer loyalty and attraction of new customers, positive ‘word-of-mouth’, employee satisfaction and commitment, enhanced corporate image, reduced costs, and increased business performance.

SQ vs. customer satisfaction – according to the service-profit chain theory, the relationship between SQ and profitability can be derived as follows: first, SQ leads to customer satisfaction; then customer satisfaction increases customer loyalty, which in turn stimulates higher profitability (Heskett et al., 1997). There is general agreement on the importance of SQ for customer satisfaction and business success, the importance of customer perceptions for understanding SQ and the importance of on-going employees training to improve SQ (Harrington and Akehurst, 2000). Parasuraman et al. (1991) found a positive and significant relationship between customer’s perceptions of SQ and their willingness to recommend the company. Fornell (1992) noted that high quality leads to high levels of customer satisfaction. Hurley and Estelami (1998) argued that SQ and satisfaction are distinct constructs, and there is a causal relationship between the two, and that perceptions of SQ affect feelings of satisfaction, which in turn influence future purchase behaviour. Ekinçi et al. (2008) found that employee behaviour, which relates to the perceived quality of the frontline employees’ interaction with customers, had the strongest impact on customer satisfaction. It is generally accepted that SQ is antecedent to customer satisfaction (Caruana, 2002; Cronin and Taylor, 1992; McDougall and Levesque, 2000).

SQ vs. employee levels – Kopp et al. (2007) claim that the benefit of sufficient HR is longer duration of service time per client. Other empirical evidence suggests that an increase in labour leads to higher customer satisfaction and improves financial performance (Fisher, McPhail and Menghetti, 2010; Ton, 2008). The literature further suggests that employee retention and customer retention are closely correlated.

Food and beverage SQ vs. profitability – results indicate that Food and Beverage (F&B) SQ has a quadratic effect on hotel profitability. In other words, the relationship between F&B SQ and profitability is related and highly relevant to a hotel's success.

Superior SQ – superior SQ enables a firm to differentiate itself from the competition, gain a sustainable competitive advantage and enhance efficiency (Mei et al., 1999; Kandampully and Suhartanto, 2000; Gounaris, 2003). The benefits of SQ include increased customer satisfaction, improved customer retention, positive 'word-of-mouth', reduced employee turnover, decreased operating costs, enlarged market share, increased profitability, and improved financial performance (Rust and Zahorik, 1993; Cronin et al., 2000; Kandampully and Suhartanto, 2000; Duncan and Elliott, 2002; Jenda, 2002).

SQ vs. emotional satisfaction – recently, it is being increasingly recognised that consumers' emotions have a significant influence on customer satisfaction and behavioural intentions (Oliver, 1997; Liljander and Strandvik, 1997); Kusluvan and Kusluvan, 2001; Mattila and Enz, 2002; Wong, 2004; Bigne et al., 2005; Edvardsson, 2005); Arora and Singer, 2006). It is generally accepted that there is a positive relationship between perceived SQ and customer satisfaction (Bei and Chiao, 2001). According to Barsky and Nash (2002), consumers' feelings about a service affect their loyalty and willingness to pay more.

SQ vs. friendly service – researchers agree that a friendly service attitude includes prompt and effective customer service (Gronroos, 1990; Tsa, 1994).

SQ vs. frontline employees – in the new economics of service, frontline workers and customers need to be the centre of management concern.

SQ vs. empowerment – empowerment is thought to influence service because of its core nature – a dynamic, heterogeneous engagement between a service provider and the consumer.

SQ vs. empowerment vs. job satisfaction – employee perceived SQ has a positive relationship with job satisfaction. Service organisations should not only provide their employees with financial rewards, but also with motivators such as achievement recognition and the work itself. Service industries are especially dependent on humans to deliver high quality services, therefore, HR practices that aid the hiring and retention of quality employees is of strategic importance. Appropriately designed pay systems motivate performance, help attract and retain employees, and are considered to be the core element of any employer–employee relationship (Wah, 2000; Bloom and Milkovich, 1996). Baum (2001) indicates that in the tourism and hospitality industries direct and indirect compensation is highly important to hiring and retaining quality employees.

Extra role – hotels like Red Lion Hotels and Inns even advertise specific service encounters in which employees go ‘out of the way’ or ‘beyond the call’ for customers (Mattila and Enz, 2002).

More personalised service – from automated building and safety systems to computerised reservations systems, Ritz-Carlton uses advanced technology to full advantage. For example, each employee is trained to note a customer’s likes and dislikes. Those data are entered in a computerised customer history profile that

provides information on the preferences of 240,000 repeat customers, resulting in more personalised service.

Customer satisfaction importance – Customer satisfaction is one of the most dominant themes in the service industry i.e. hospitality industry. Customer satisfaction can be concluded to affect a customer's assessment of SQ and customer loyalty. Satisfied customers have potential to become loyal customers, who not only consume services again, but also spread positive word-of-mouth of the hotel. (LaBarbera and Mazursky, 1983).

Literature review vs. SQ vs. Customer satisfaction – In the HR literature, many studies have stressed the need to generate employee commitment to quality, to encourage workers to take responsibility for quality, focus on customer satisfaction, create an environment for innovative and creative product/service development and improve hotel's performance (Guest 1987; Sheng and Lin 2004; Hung 2006; Heselid 1995; Beckers and Gerhart 1996; Ghand and Katou 2007)

SQ vs. Culture – Service organisations should select candidates with an orientation to service and similarly, Schneider and Bowen (1995) emphasise the importance of selecting candidates who fit the culture of the organisation (Peccei and Rosenthal, 2000).

Communication vs. Customer Satisfaction – Consumers receive countless incoming information variables through indirect (e.g., body language) and direct behaviour (e.g., friendliness) to service employees at each service encounter which help them form a view of the personality of employees, interaction quality and in turn, their won satisfaction.

Employee Loyalty vs. SQ increase vs. Team Work & Communication increase – This philosophy encapsulates the concepts of commitment to

excellence including high quality customer service, good workplace relationships, effective interpersonal communication and teamwork, pride in the company and respect for the boss (Bloemer and Odekerken-Schroder, 2006).

It seems that from the quantitative and qualitative research explored in Chapter 4, the importance of SQ towards customer satisfaction and employee satisfaction, empowerment and so on amounts to a great deal. Findings will be reported later on in Chapter 4 (see Table 2.9).

2.5.6 Weaknesses from SQ and its relevance to hotels

The following table exhibits the weaknesses from SQ and their relation to the Cyprus hotel industry.

Table 2.10: Weaknesses from SQ

<i>Weaknesses from SQ</i>				
<i>NO</i>	<i>WEAKNESSES</i>	<i>IMPACT IN CYPRUS HOTEL INDUSTRY</i>		
		<i>VERY</i>	<i>LITTLE</i>	<i>AT ALL</i>
1	SQ decline	*		
2	SQ Vs. Quality of employees Vs. Payment	*		
3	SQ Vs. complaint behaviour	*		
4	Poor image in the eyes of hospitality students	*		
5	Empirical testing		*	
6	Little research evidence		*	
7	SQ is intangible and non-standardised		*	
8	SQ vs. HRM vs. Empirical investigation		*	

SQ decline – globally the hotel sector is experiencing a decline in SQ but this appears especially severe because the sector had created a ‘wow’ effect in the

1990s (Pizam, 2004). In other words, the sector had 'ratcheted up' customers' expectations to a level that they could not be sustained or exceeded.

SQ vs. quality of employees vs. payment – respondents from large hotels also intimated that employees are critical to the delivery of SQ and that it is becoming increasingly difficult to attract and retain employees in an environment of uncertainty, characterised by long hours and low pay (Pizam, 2004). Notwithstanding, employees' professionalism, attitude and competence seems to be a key problem for customers who comment through Trip Advisor (a search engine where customers write their comments on trips experienced all over the world) (Andorka, 1996; Bonn and Forbringer, 1992; Breiter, 1991).

SQ vs. complaint behaviour – Parasuraman et al. (1991) found a positive relationship between SQ and a willingness to recommend the company. Boulding et al. (1993) confirm that overall SQ was negatively related to complaining behaviour.

Poor image in the eyes of hospitality students – there are reports that the sector has a particularly poor image in the eyes of hospitality students, which suggests that the industry may have greater difficulty attracting, recruiting and retaining quality employees (Jenkins, 2001).

Empirical testing – even though the service-profit chain and several studies suggest that satisfied employees and customers are likely to result in better financial performance, testing this relationship empirically has not received much attention.

Little research evidence – there are reports by many tourism and hospitality management graduates of low job satisfaction, poor employment conditions and absence of motivating factors, resulting in higher employee turnover and wastage

of trained and experienced personnel (O'Doherty et al., 2003; Jenkins, 2001; Pavesic and Brymer, 1990; Zacerelli, 1985). There is relatively little evidence that research has been conducted in this area. Although the importance of SQ in hotels has been recognised (Callan and Bowman, 2000; Callan and Kyndt, 2001; Danaher and Mattsson, 1994; Min, et al., 2002; Saleh and Ryan, 1991) there has been limited research that has addressed the structure and antecedents of the concept.

SQ is intangible and non-standardised – Increased SQ, customer's satisfaction and hotel performance through HRM practices is a viable way for the hotels to remain competitive. However, SQ is typically intangible and non-standardised (Hartline and Jones 1996).

SQ vs. HRM vs. Empirical investigation – Although Sheng and Lin (2004) suggested that HRM practices can create an environment that elicit more customer oriented behaviour from employees and that has a profound impact on SQ and customer satisfaction, but no systematic empirical investigation was done in this context.

It seems from the quantitative and qualitative research undertaken in Chapter 4 that there are many important weak points as far as SQ is concerned (see Table 2.10).

Summary of SQ Literature review findings

LaBarbera and Mazursky, 1983 stated that satisfied customers have potential to become loyal customers, who not only consume services again, but also spread positive word-of-mouth of the hotel. Ghand and Katou, 2007 encourage that SQ contributes to customer satisfaction. Bloemer and Odekerken-Schroder, 2006

stated that employee loyalty contributes towards SQ, teamwork and communication increase.

2.6 Summary

The literature review examined in this chapter explored the issues and scholarship around HRM and its correlation to SQ. Literature was rigorously covered with regards to HRM as a driving force towards SQ and customer satisfaction. I was pleased to find out that specific and highly relevant literature was identified. Chapter 3 encompasses the research methodology to take the research findings further.

Chapter 3: Research Methodology

The purpose of my research is to investigate the importance of HRM in relation to R&S, T&D and communication process as a driving force towards SQ increase and customer satisfaction in the hospitality industry in Cyprus.

I will focus on the primary stakeholders, two five-star hotels in Cyprus. I will consider, ascertain and improve both knowledge and scholarship on the parameters of HRM and their correlation with SQ. Secondary stakeholders to benefit are CHRA, CTO, the Cyprus Hotel Managers Association in Cyprus, the Cyprus Hotel Association in Cyprus and the Association of Cyprus Tourist Enterprises (ACTE). The goal is to demonstrate that all above HRM parameters are driving forces for SQ and customer satisfaction.

3.1 Conceptual Issues of the Research

It is argued by experts that the dominant paradigm in business research today is the positivistic example (Hussey and Hussey, 1997). It is important to remember that the two paradigms represent two extremes of the continuum and researchers can combine the two in the same study. I argue that to investigate, analyse, and capture a complex phenomenon such as hospitality HRM and the correlation with SQ in five-star hotels, researchers need to use different research approaches, methods and techniques. The use of both qualitative and quantitative methods for data collection can prove to be advantageous since it enables me to see a spectrum and wider perspective of the research problems and issues under investigation. Both quantitative and qualitative methods, including a literature review and focus groups, will be playing a key role during my research methodology.

Focus groups will primarily be used to gain inside information from hotel frontline employees in the two investigating hotels, in order to deploy the employee questionnaire prior to starting the quantitative research. Quantitative research will then be undertaken on both major stakeholders (employees and customers) in both hotels after putting into account both the literature review and focus group findings. Qualitative research findings will be analysed and combined with quantitative research findings. All the above will play a role in effective deployment of the summary of recommendations and suggestions for hotels' SQ increase.

Application and combination of several research methodologies in the study of the same phenomenon is known as triangulation (Hussey and Hussey, 1997). Methodological triangulation enhances research studies since the use of both qualitative and quantitative methods minimises and or neutralises the prejudices and weakness of each method. Research experts argue that by combining multiple observers, theories, methods, and empirical materials, it is possible to overcome the weaknesses or intrinsic biases and the problems inherent in single method, single-observer, and single-theory studies (Hussey and Hussey, 1997).

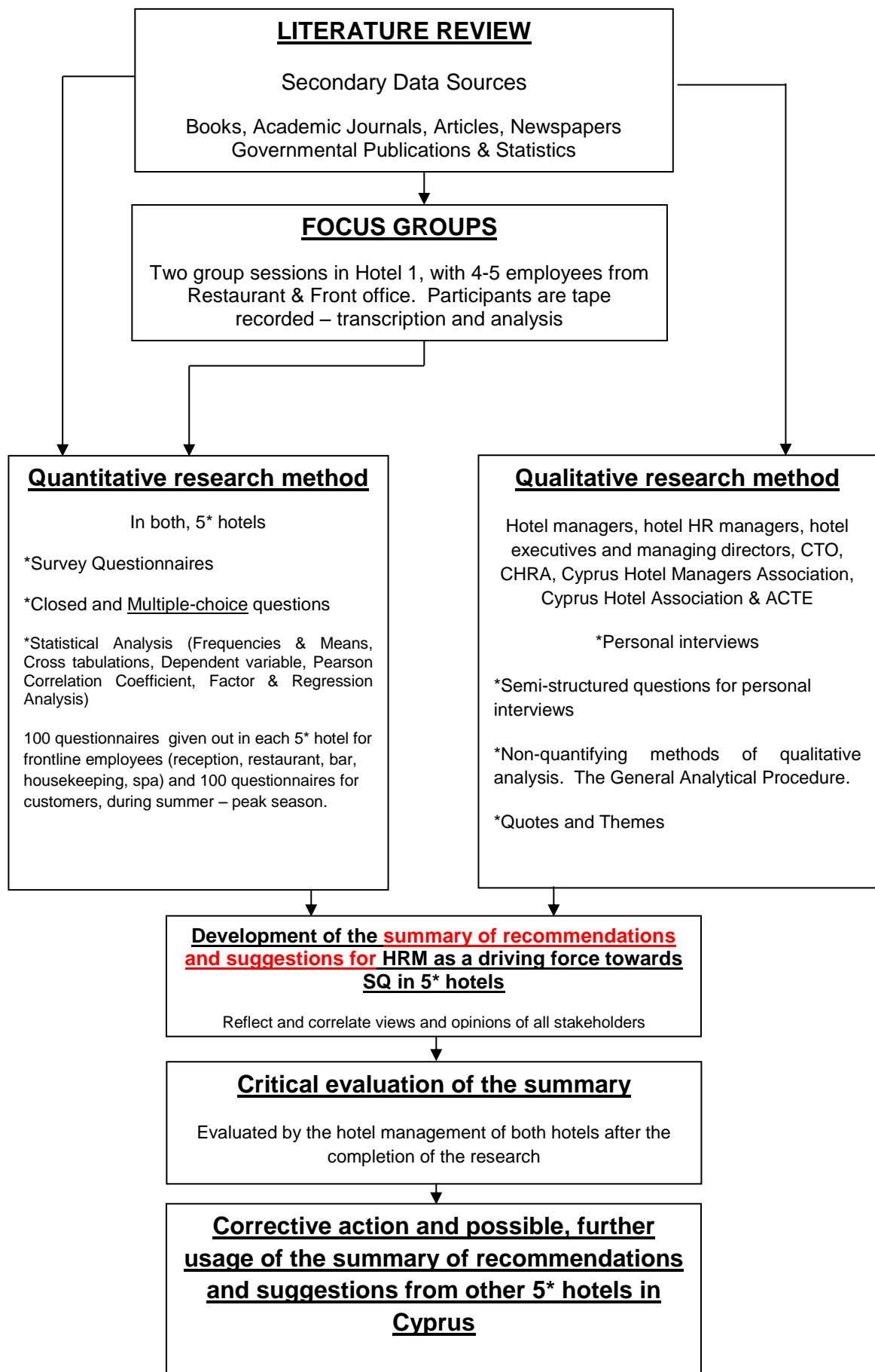
Both quantitative and qualitative research has been undertaken during my research. Regarding quantitative research, two questionnaires were designed for both employees and customers at two five-star hotels. Focus groups were primarily engaged in one of the two five-star hotels within two departments to support the preparation of more efficient employee questionnaire. It aimed to investigate HRM and SQ correlation and increase in terms of employees' perception. Employees were twice asked in each question with regard to (a) *the importance_of* each subject in the question and (b) the *existence* of each subject in the question, in their hotel. Customers at both hotels were requested to fill in

their own questionnaire with regards to SQ and satisfaction perception and experience in both hotels. Qualitative research was also designed and prepared for hotel managers and HR directors in hotels, as well as other important hospitality professionals to gather their perceptions and experiences of HRM and SQ in hotels and therefore compare their findings with questionnaire findings. Once more the literature review enabled me to design more effective open-ended questions to tackle research problems with regards to qualitative research and interviews more efficiently. Definitely the nexus of all the above, along with my own professional experience, enabled me to gather more effective data.

While using quantitative data appears to present a sense of objectivity, the tables and figures might not bring the situation to life in a way that qualitative methods can. In addition, the use of different techniques improves reporting effectiveness and generates some level of objectivity.

Figure 3.1 illustrates an overview of the research design.

Figure 3.1 Overview of the research design



For the purposes of the proposed research study, a mixture of focus groups, quantitative and qualitative methods of data collection were incorporated as described below.

3.2 Literature Review

After a careful and in depth literature review covering both HRM and SQ areas, I managed to identify omissions or deficiencies as well as weaknesses and lack of evidence from previous studies, which the proposed study intends to address.

3.3 Focus Groups

Focus groups are known as group depth interviews (Goldman and McDonald, 1987) or group dynamics (Leonhard, 1975), and have been used in motivation research. The technique recognises that there are multiple views of reality, which are influenced by individual perspectives and the context of an event. Focus group findings eventually become the developmental basis of the frontline employees' survey questionnaires.

Focus groups were incorporated in this research study to gather inside hotel information related to the personal feelings, perceptions and experience of employees (restaurant and reception) as regards their hotel's HRM issues and concerns, as well as SQ offered to customers and their relationship (Morgan, (1988).

Employees were selected from two large frontline departments, restaurant and reception, forming two focus group sessions with five participants from reception and four participants from the restaurant. The actual participants were chosen by the HR director and departmental supervisors. Employees ranged from lower level to higher positions, thus most of the departmental frontline positions are chosen. For more concrete and valuable results, focus groups sessions were assigned for FT and PT employees from different nationalities, with student interns as well as

seasonal employees to encompass different perspectives and opinions (Kitzinger, 2008). The following table is a detailed profile of focus group participants in each session:

Table 3.1: Detailed profile of focus group participants

Employee Gender	Reception	Restaurant	Cypriots	Foreign Employees
Male	3	2	4	0
Female	2	2	1	4
TOTAL EMPLOYEES	5	4		
Departmental Position				
Head Receptionist				
Receptionist A	1			
Receptionist B	1			
Receptionist C	2			
Telephonist	1			
Head Waiter		1		
Waiter A		1		
Waiter B		2		
Waiter C				
TOTAL EMPLOYEES	5	4		

I acted as the group moderator, introduced the group members and discussed the purpose of the study, which was to come up with specific gaps, bottlenecks and challenges facing hotel employees with regard to HRM and its correlation to SQ. Participants were encouraged to participate on a first-name basis in order to encourage informality and openness. Five themed, open-ended questions, also known as pre-established talking points, following specific predetermined guidelines, were addressed to the participants. These guidelines helped me as the moderator to focus on specific predetermined issues and assisted in eliciting useful information from frontline employees.

A major concern I faced as a group moderator was the risk that employees were going to provide 'politically correct' responses as well as 'optimum reply' feedback from their side, rather than reflecting their own feelings. That was my main concern since conversation was open to everyone, therefore they could easily be reluctant to give realistic views on issues, concerns and challenges they come

across. In that respect I took special care to minimise this risk by encouraging openness and truthful responses. As the moderator I intervened only when necessary to ensure that all members were contributing to the process and limited the domination of the discussion by a few participants. Employees' responses were audiotape recorded and later transcribed for further analysis. Prior to the commencement of all sessions, all participants were requested to sign a participation form, displayed as in **Appendix 2**, providing me with consent to record the proceedings. The interaction between focus group participants generates group dynamics that stimulate the development of new ideas (Kitzinger, 2008). I developed some of the following discussion points in the form of questions or statements to explore the issue of HRM its correlation to SQ in five-star hotels in Cyprus:

- In your opinion what is HRM and how does it work in your hotel?
- In your opinion what do you believe R&S is? How important is R&S in the employee's development and hotel's success? Do you believe that effective R&S methods are used in your hotel for the hotel's success?
- In your opinion, what do you consider T&D is? How important are both components to a hotel's success? How efficient is T&D work in your hotel?
- How important is communication in the service industry? In your hotel? In your department? What is the level of effectiveness as regards communication in your department? What type of communication processes do you follow?
- What is SQ? How important is SQ in a hotel? How efficient is SQ offered in your department? What is the connection between HRM and SQ?

A five-minute oral presentation was first delivered. The overall aim and objective of the above questions was to acquire as much group brainstorming information

from insiders as possible. These employees are important in their hotel since they are the link between supervisors and the management team in general, as well as between them and customers.

Everyone signed a form to confirm that they allowed the use of an audiotape system throughout the sessions to record all conversation. The system was helpful because I could listen to their dialogue as many times as possible to get the best quotes. A detailed focus group research finding report will be analysed and portrayed in the following chapter.

After the incorporation of specific comments into the draft employee questionnaire, certain employees from both departments completed a 'pilot questionnaire critique form' to input their additional constructive criticism and enabled me to develop the final employee questionnaire, **Appendix 3**.

3.4 Survey Questionnaires

Generally quantitative market research is conducted to survey a large group of people, using a structured questionnaire or questionnaires that contain predominantly closed-ended questions or possibly open-ended questions when it is desirable for people to elaborate on a subject. Questionnaires were used to collect descriptive and explanatory data about attitudes, beliefs, behaviours, and attributes of people. For the purpose of this study, two quantitative questionnaires were developed to reflect both the focus group findings and issues revealed from the literature review. The two measurement tools were used to reveal the feelings, opinions and perceptions of hotel employees and customers as regards HRM and its correlation to SQ. Questionnaires were designed to provide valuable insights by (a) comparing each group's responses in order to identify statistical differences, if any (b) addressing the research objectives and questions, and (c)

contributing to the development of the summary of recommendations and suggestions for effective HRM and its correlation to SQ.

One hundred questionnaires were prepared for each hotel, for the employees of two five-star hotels to gain feedback from almost a third of the total hotel staff at the same time as the customers. Questionnaires were prepared for all frontline departments (reception, restaurant, bar, housekeeping, kindergarten, spa and health club), covering certain areas of HRM and its correlation to SQ towards customer satisfaction in those two hotels to develop the summary of recommendations and suggestions, as mentioned earlier. Employees were selected by HR managers and supervisors of each department. The aim was to select employees from all levels of each department, covering at least 35-40% of each department.

One hundred questionnaires were also prepared for customers of each of the two five-star hotels covering the area of SQ and its correlation to customer satisfaction. Both types of questionnaires were prepared for the summer period (characterised by being busy, full operation hotels, with FT, seasonal and PT employees, as well as different types of clientele).

The employee questionnaire was divided into two main sections, HRM and SQ. The sections were separated according to literature review guidelines on obtaining as much and fruitful information from each employee as possible. The same procedure was followed for the customer questionnaire on SQ issues.

3.4.1 Questionnaire design

Closed questions, where the respondent's answer is selected from a number of predetermined alternatives, were developed and included in both surveys (Walle, 1997). Closed questions are convenient and easy to analyse since the range of potential answers is limited (Hussey and Hussey, 1997). A combination of

multiple choice questions, rating scale questions and classification questions were used, measuring employees' and customers' views. Questions were turned into statements and respondents asked to indicate the degree to which each statement reflected their opinion using a five-point ordinal Likert scale for the customer questionnaire. Five points were used in both cases, in order to provide a balance between negative and positive points for employees and customers. The 1-5 scale was used to allow more detailed frequencies, means and results to be obtained. Likert's scale was used as follows:

Strongly Disagree 1	Disagree 2	No Opinion/ Neutral 3	Agree 4	Strongly Agree 5
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Both questionnaires were accompanied by a covering letter explaining the purpose, value and objectives of the survey to the respondents. The statement in the cover letter (a) employees and (b) customers highlighted the benefits and value of the study to the two respondent groups. Respondents' confidentiality and privacy was assured in both questionnaires **see Appendix 4**. All survey questions were previously pre-coded to facilitate smoother statistical analysis by the software (SPSS, Statistical Package for the Social Sciences).

3.4.2 Frontline employee questionnaire

The frontline employee questionnaire contained five sections to cover all research areas in relation to HRM and SQ: (a) demographics and other general information (b) generic HRM information as well as R&S (c) T&D (d) communication process (e) SQ. The first section, demographics and other general information, aimed to gather appropriate general demographic background information that helped me analyse the findings. The second section concerned the generic HRM information as well as R&S, encompasses stereotype and inside HRM question as far as their

hotel is concerned (i.e. the importance of HRM in your working establishment, benefits, etc). The third section tackled T&D issues – the kind of training programmes implemented for each employee, the period they were implemented (summer and winter), internal, on-the-job or external, etc. Development questions were raised concurrently, rigorously tackling the relevance of T&D, the kind of development undertaken to each on and, how satisfied they are. Section four then asked questions on the communication process within their department, with management and customers, and how efficient those processes were, and so on. The last section (section five) looked at SQ issues. What is SQ in their opinion, how do they measure SQ, how important is quality to a service industry, what is the correlation between the above components of HRM and SQ, etc.

In each section, questions were asked twice (a) to state the level of *application/existence* in their hotel and (b) to state the level of *importance* in their opinion in general. This was strongly proposed from both focus group sessions. Participants said that I should separate each question in the questionnaire with regards to (a) application/existence of each question in their hotel and the (b) importance or their perception regarding each question. Having said that, employees strongly believed that they should be separate since in many cases their perceptions differed in their hotel. In that respect I was in a position to compare both the application/existence and the importance of employee feedback for each question raised. The frontline employees' questionnaire is presented in **Appendix 5**.

3.4.3 Hotel customer's questionnaire

The customer questionnaire contained six sections to cover all departments in relation with SQ and overall customer satisfaction: (a) demographics and other general information (b) F&B questions (c) frontline employees service offer

questions (d) tangible, service questions (e) other service offered questions (f) generic SQ questions.

The first section aimed to gather appropriate general demographic background information to help me analyse the findings. The second section covered food and beverage service issues and questions tackling areas such as food quality, food quantity, food variety, food presentation, types of food offered,² and so on. The third section was the area of frontline employee service offer, on issues such as employees' approach to customers, attentiveness, friendliness, effectiveness, handling comments, complaints, and so on. The fourth section tackled the area of tangible, service offered.³ The fifth section then covered other services offered (i.e. maintenance, spa, gym, sport activities, housekeeping, animation, entertainment, security, and health and safety issues). Section six tackled other generic SQ concerns and questions (i.e. SQ opinions and so on). A great deal of information and suggestions regarding the customer's questionnaire was proposed by both focus groups. As far as section six is concerned, a pool of SQ questions came from the literature review. The hotel customer questionnaire forms **Appendix 6**.

3.5 Pilot Testing

The two questionnaires were piloted before being administered to study participants, in order to assess the validity and reliability of the questions. Validity and reliability are the two major criteria for evaluating the effectiveness of specific measurement tools. Validity refers to the extent to which a test measures what the researcher wishes it to measure, while reliability deals with the accuracy and precision of a measurement procedure (Cooper and Emory, 1995).

² Various types of food service offered in various F&B hotels (i.e. buffet, set menus, à la carte, etc.).

³ Tangibles are services such as the building, rooms, air-conditioning, noise, lighting, location and surroundings of a hotel.

For the frontline employee's questionnaire, a single pilot study was conducted by distributing five copies of the questionnaire to Hotel 1 employees, all of whom were restaurant and front office employees who had participated in the focus groups. This method of testing and re-testing the questionnaire enhances the reliability of the measurement tool by correlating the responses of the two occasions and calculating their index of reliability. Cronbach's alpha reliability coefficient of **.70** or higher was established as a minimum score to maintain an item in the questionnaires. In addition, the pilot study respondents were requested to complete the questionnaire and comment on the instructions, timeframe and language to ensure the statements in the questionnaire were understood. Frontline employees indicated that the questions and directions included in the questionnaire were clear and unambiguous, although some criticised its length. In response, I excluded a number of questions to curtail it and increase the quality of the responses. No additional changes were made other than minor rephrasing.

For the customer questionnaire, a single pilot study was also conducted by distributing three copies of the questionnaire to Hotel 1 customers, one British, one Russian and one German customer. The three were chosen as the three major nationalities in Hotel 1. Two of the three were there with their families, whereas the third one was on business. All three were staying for one to two weeks. Customers indicated that the questions and directions included in the questionnaire were clear and unambiguous, although some criticised its length.

3.6 Questionnaire Administration

A combination of face-to-face distribution and collaboration with HR managers and departmental officers in both hotels was used for employees. The HR officers mainly coordinated the departmental procedures with heads of departments

(HODs), as well as directly with employees. Also with the approval of the HR officers I personally liaised with most of the HODs for the filling of the questionnaires to increase the response and validity ratio, since in both hotels I know most of the HODs personally.

As regards the customer questionnaire, at both hotels the task was more difficult. The plan was to place the questionnaire in rooms along with the hotel's questionnaire to be filled out at the time of the customer's departure. Unfortunately the reply was not good – customers do not always bother to complete hotel questionnaires. I attempted two other methods (a) using Guest Relations (GR) officers to attempt to see customers in their own time over a drink and requesting from them to fill in our questionnaire, and (b) sending the questionnaire to all customers departing the hotel, hoping to obtain their feedback after they left. At Hotel 2 the results were most successful, unlike at Hotel 1 where there were fewer replies, yet sufficient. The face-to-face method, although expensive and time consuming, resulted in a high response rate mainly due to the personal interaction between myself as well as hotel managers, HR managers and HODs in those hotels. This particular method enabled me to achieve a participative rate of 70% - 100% for both employee questionnaire and customer replies from both hotels after we tried alternative methods.

3.6.1 Analysing quantitative data

Predominately an exploratory data analysis was used in this research study although certain statistical elements of confirmatory data analysis drew conclusions about the population from the collected data (Altinay and Paraskevas, 2008). Exploratory data analysis describes the data collected by summarising and presenting them in diagrammatic forms such as tables, graphs, and charts (Hussey and Hussey, 1997). Specific statistical techniques such as presenting

frequencies, means, measuring location, and measuring dispersion were applied to analyse univariate (single variable) data, while cross-tabulations were employed for bivariate (two variables) data. The exploratory data analysis was chosen since neither the nature of the collected data nor the purpose of the study justifies a rigorous statistical analysis. Nevertheless, limited confirmatory data analysis was utilised to enhance the research findings further.

Confirmatory data analysis, with the use of inferential statistics, was conducted to draw conclusions from the collected data. A non-parametric confirmative data analysis, the chi-square (χ^2) test, was utilised to assess the statistical significance of a finding by testing for contingency, the uncertainty of occurrence. Pearson's chi-square is by far the most common statistical technique used in significance testing. This particular technique is more likely to find significance when the following conditions exist: (a) the relationship is strong (b) the sample size is large, and (c) the number of values of the two associate variables is large (Hussey and Hussey, 1997). A chi-square probability of less than **.05** indicates a significant difference of the two groups. All data gathered by the two quantitative questionnaires were analysed with the use of SPSS.

I also used factor analysis for more efficient and effective quantitative research findings. The basic idea is to represent a set of variables by a smaller number of variables. In order to have strong, significant correlations, most of the cases scored over **0.5**.

Regression analysis was also used. This is also important since its objective is to perform linear regression to determine whether one or more variables can significantly predict or explain the dependent variable. Variables lower than **0.05** are considered to have a strong significance between the dependent variable and specific factor analysis variables.

3.7 Qualitative Research Methods

Aimed at understanding rather than measuring a phenomenon, qualitative research was used to increase knowledge, clarify, and define HRM in the hotel industry in relation with SQ issues. As previously mentioned, in addition to the quantitative questionnaires administered to employees and customers, qualitative personal face-to-face interviews were conducted. Personal interviews are a two-way conversation initiated by the interviewer to obtain information from a respondent. Researchers use interviews to collect valid and reliable data relevant to the research's objectives. The primary objective of this particular research was to reveal hotel managers', hotel HR managers' and various hospitality professionals' objective views on the issue of HRM in hotels in relation to SQ, based on their extensive experience and knowledge of the industry.

Semi-structured interviews were conducted with hotel managers, hotel HR managers, CTO officers, CHRA officers, the Cyprus Hotel Managers Association and the Cyprus Hotel Association. Semi-structured interviews, used both in quantitative and qualitative research, are non-standardised data collection interactions where open-ended questions elicit responses from the interviewees for further investigation. Open-ended questions encourage interviewees to provide extensive answers that aid the researcher in obtaining facts and revealing attitudes. The uses of semi-structured interviews aimed at exploring specific HRM and SQ topics, explain and justify findings of quantitative measurement tools. Probes were used to explore answers in depth, thus obtaining further information in contrast to a quantitative questionnaire design. The most serious disadvantage of audiotape recording the interviews is that it may inhibit some interviewee responses, thus reducing the reliability of the measurement tool. Nevertheless, the advantages of a recording outweigh the disadvantages, especially since it allowed the interviewer to concentrate on questioning and

listening rather than the actual collection and recording of data. Moreover, my long-term relationship with most of the participants helped eliminate such a problem. Bias represented my greatest challenge when conducting personal interviews. Borg (1981: 87) states the following on the issue:

eagerness of the respondent to please the interviewer, a vague antagonism that sometimes arises between interviewer and respondent, or the tendency of the interviewer to seek out the answers that support his preconceived notions are but few of the factors that may contribute to biasing of data obtained from the interview.

Open-ended interview questions were developed, considering the research participants' knowledge, professional experience, and sensitivities towards specific issues directly related with HRM and SQ. This type of questioning enabled the interviewees to express their feelings and opinions in their own words. As presented in **Appendix 7**, each question aimed to investigate a particular HRM and SQ related thematic area.

The questions are generic, referring to all relevant parts and not specifically introduced for one relevant party only such as hotel managers, hotel HR managers a CTO quality officer, CHRA of Cyprus, hospitality Trade Unions officers and so on.

Hospitality professionals' interview responses were audio recorded and later transcribed for further analysis. Prior to the commencement of all sessions, all participants were requested to sign an audiotape permission form, displayed as in **Appendix 8**.

The aims and objectives of the above questions were to get as much inside information, suggestions, reflections and opinions as possible from all relevant

and important hospitality professionals in Cyprus so fruitful, corrective and essential future outcomes can be presented to each and every stakeholder.

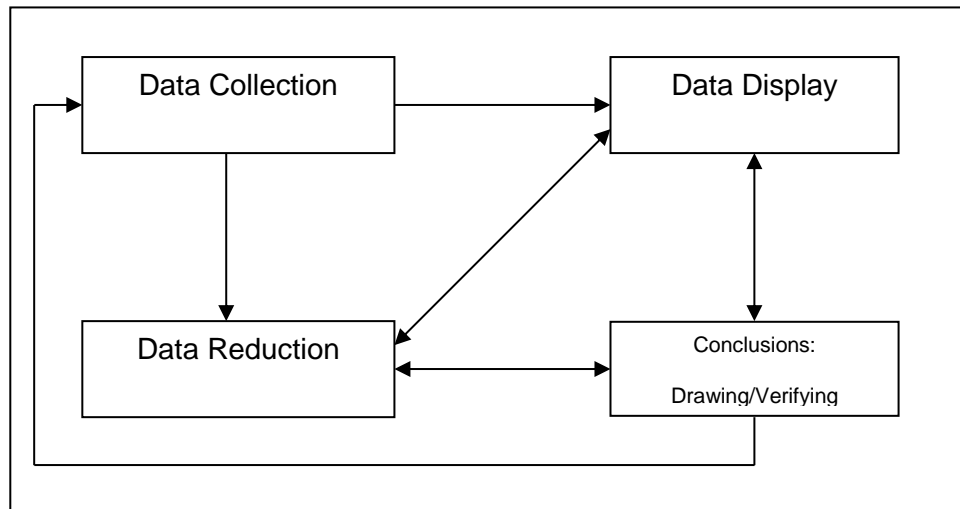
Analysing qualitative data

The nature of qualitative data has implications on both its collection and analysis. Qualitative data collection results in non-standardised data, which required the researcher to classify them into specific categories since meaningful analysis can only be conducted using conceptualisation. According to Lindlof (1995), there are four steps in non-quantifying qualitative data analysis: the process, reduction of data, explanation, and theory related to qualitative data analysis. Morse (1994) proposes a similar model based on the following four components: comprehending, synthesising, theorising, and reconceptualising. Both models provide the general guidance for qualitative data analysis (Hussey and Hussey, 1997). For the purpose of this research study, the general analytical procedure was used, which is a non-quantifying method of qualitative data analysis.

The general analytical procedure used by Miles and Huberman (1994) represents the classic example of qualitative analysis suitable for a variety of different research types. Miles and Huberman (1994: 10) argue that qualitative analysis consists of 'four concurrent flows of activity: data reduction, data display, and conclusion drawing and verification'. Finally, conclusions are drawn and verified, to ensure the validity of the measurement tool (Miles and Huberman, 1994). A categorisation of data was arranged, in other words a systematic working through the data, to assign approximately fifty coding categories. Coding is the identification of various meanings identified in the various segments during the interview processes. Open coding is the assigning of a code word or phrase that accurately describes the meaning of the text segment (EDUC 7742/Paris/Terry, 2010). Thereafter I reduced this long list of codes to a smaller, more manageable

number of approximately twenty codes. Themes were then constructed from the codes. Themes, in other words, are categories of similar codes aggregated together to form a major idea in the database (EDUC 7742/Paris/Terry, 2010). The particular themes or categories will be the correlation, reflection and outcome of three sources (myself as a hospitality professional, the twenty interviewees and the literature review). The following Figure 3.2 displays Miles and Huberman's interactive model of data analysis, which was generally used.

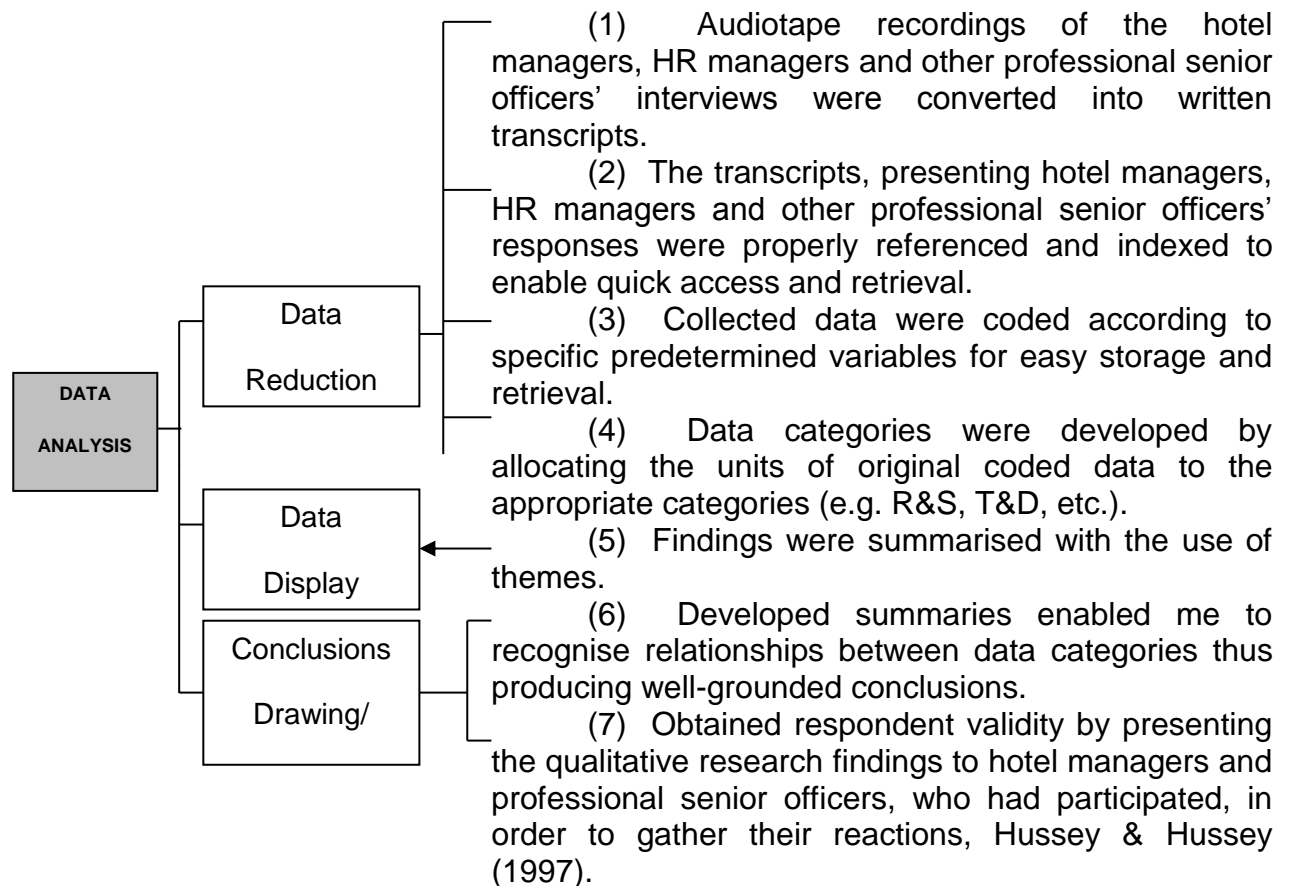
Figure 3.2: Components of qualitative data analysis: Miles and Huberman's interactive model (1994)



Source: Adapted from Miles and Huberman (1994: 12)

For the purposes of this study, a qualitative data analysis procedure was utilised consistent with Miles and Huberman's (1994) four concurrent qualitative analysis activities. The analytical procedure involved seven steps, as described below:

Figure 3.3: Analytical procedure



Evaluation of the qualitative analysis posed a major challenge. According to Lincoln and Guba (1985), the quality of a qualitative analysis is measured by four criteria: credibility, transferability, dependability, and conformability. Credibility demonstrates whether the research topic was correctly investigated by the qualitative activity while transferability investigates generalisation, the ability to apply the findings in other similar situations. Dependability describes the way the research was conducted and documented, while conformability assesses whether findings were actually revealed from data analysis (Hussey and Hussey, 1997).

3.8 Evaluating the Summary of Recommendations and Suggestions for Effective HRM and SQ

My initial intention was to incorporate the developed summary of recommendations and suggestions for effective use of HRM in correlation with the SQ in the two five-star hotels and put it in action by 2014. I would then be able to monitor and evaluate the newly established summary of recommendations and suggestions during visits to those five-star hotels, as well as through telephone communication with both hotel managers and HR managers.

3.9 Summary

Chapter 3, Research Methodology, has described and justified the procedures and methods implemented in the research study. It illustrates the conceptual issues of the research, research design, the population and samples under investigation, the rationale and adaptation of instruments used, data collection and data analysis methods. After substantial reflective learning of various research designs, I justified why my selection of the previously presented instruments and data analysis methods are ideal to meet the purpose and objectives of the conducted research study. The unique characteristics of the two groups under investigation necessitate the utilisation of different research methods and techniques, an approach known as triangulation. The combination of both qualitative and quantitative methodologies was necessary since it overcomes the sterility of single-method approaches and enhances the validity and reliability of the findings. Next chapter, Chapter 4 presents a comprehensive analysis of all research findings according to the research methodology used as illustrated above.

Chapter 4: Research Findings

This chapter, which is divided into five sections, presents the research findings. Section one presents the findings of the two focus groups from Hotel 1 – one of the two major hotels used in the research. The two focus groups were from the front office, with five employees, and from the restaurant, with four employees. The second section presents and analyses the findings from various interviews organised of various senior and professional people involved in the hotel industry such as HR managers, hotel managers, the CTO, the CHRA authority of Cyprus, hotel executive, managing directors and so on. Sections three and four highlight the most important findings revealed by the employee questionnaires and the customer survey respectively. Finally, section five compares the findings from employees, customers and all senior and professional people involved in the hotel industry of Cyprus.

4.1 Focus Groups

Two focus group findings will be revealed below in detail – separately for the front office and the restaurant.

4.1.1 Front office department

The front office focus group provided information related to their feelings, experience and inside opinions as regards HRM issues, SQ experience and reflection as regards their hotel establishment. Participants expressed their individual inside views and suggestions on R&S, T&D, the communication process and finally SQ comments as far as Hotel 1 is concerned. Some personal experiences were particularly interesting, since operational problems and concerns were expressed. The findings became the developmental basis of the employee survey questionnaire and contributed to the development of the

employee's survey tools. The following section presents the most important issues revealed from the front office group session

4.1.1.1 Recruitment and selection

It was commonly said that R&S is very important for the overall hotel's HR strategy and success and clear recruitment criteria must be in place in order to proceed with the right and successful selection process.

Employee 5 stated that:

new and not so qualified employees are recruited and selected during the beginning of the peak season which limits the SQ of information provided, as well as training offered for each new employee since everyone and especially mentors or buddies are busy with their work.

He also suggested that 'a more careful and planned human capital needs programme must be prepared along with all heads of departments and employees in collaboration with the HR department and the hotel manager'. Especially, all seasonal candidates should be recruited prior to the start of the peak season; so a proper and completed orientation and induction programme is achieved as this confirms the findings of Breiter and Woods (1997).

Employee 3 mentioned that:

In the old days the selection process was more productive and in-depth. Also mentors, 'buddies', 'shadows' or internal trainers were dealing with the new selections. The whole process was administered from the HR department and then in collaboration with the right department they decided on the right candidate for the right job before going to the general manager for the final approval. Nowadays the procedure varies from candidate to candidate. In that respect new candidates can pass from only one interview, either from the HR department or the head of department prior to deciding who the right person will be to employ.

Employee 3 suggested that 'the HR manager needs assistance from another person in the HR department in order to be able to precede with a more careful and in depth selection processes. This confirms the findings of Becker and Gerhart (1998) that they would need this to achieve better employee satisfaction and empowerment in order to increase morale.

Employee 1 pointed out that 'more careful work is needed to employ the right people, to work in the hotel industry'. He also argued that 'there should be more time invested in extensive orientation and induction as well as have a more productive and concrete probation period'. He also suggested that a more careful team of mentors must be assigned to give fruitful and careful guidance to new employees from the beginning thus minimising the risk of increased employee's turnover. Today mentoring is misunderstood and, accordingly, misused. This misunderstanding results in the failure of most corporations to consider mentoring and reaping the significant cost saving from reduced new employee attrition (Buonocore, 1987).

The summary of the key points is:

- R&S is very important
- Less qualified employees have been recruited and selected over the past few years
- Selection process in previous times was more productive and in depth
- More time should be invested in orientation and induction.

4.1.1.2 Training and development

- It was commonly agreed was that, for the past few years, T&D programmes are not considered to be of such importance for the HR department and general management as they used to be. This is mainly due to the economic crisis Cyprus has been facing. They also mentioned that the training programmes offered over the past two to three years are not as many or tailored to their needs as previously.
- Employees 2, 3 and 4 mentioned that ‘more and more on-the-job training has been done over the last few years compared to before, since previously they used to do a combination of on-the-job, in-house training and off-the-job training’. Even so, some of the on-the-job training programmes are not done in the right way in terms of depth, explanation and duration. Employee 1 suggested that:

a balance of training programmes must be assigned incorporating on-the-job, in-house and off-the-job training programmes, especially in the winter period and according to the individual needs of the employees and departments of the hotel.

He also mentioned that, 'extensive training must be assigned to particular mentors i.e. train-the-trainer thus more productive SQ results can be achieved in each department'. The mentoring system is a hugely important part of the induction. This confirms the findings of hotel Dartmouth (2002) that, if the new employees receive inadequate guidance, there is a good chance that they will leave.

- Employees 1, 2 and 5 expressed their concern regarding orientation and induction of new employees. They said that:

even though they pass by several areas and departments, orientation and induction is not always done by the same person, they do not follow the same programme. Many selections are taking place during the beginning of the peak season or during the middle of the summer period which increases the inconveniences regarding communication with customers as well as the SQ offered at all times.

Having said that Employee 5 stressed that he was employed in May for five months. His first concern was that:

I was employed during the peak season and my orientation and induction programme was not effective since it was a busy period and not a great deal of attention was given to me. I did not have the proper induction and orientation programme and the on-the-job training programme was randomly chosen instead of going through a specific daily, weekly programme.

He also mentioned 'I adapted to the department working environment after the fourth month of my employment, just a few weeks prior to the end of my training programme'. According to Employees 2 and 3, induction and orientation should be assigned and planned between HR, heads of department and mentors at all times. All these programmes should be during the off-peak season and not by the time peak season starts, plus the induction and orientation programme must be well organised and specific for all new employees and results must be monitored over the first months of work. As Backer and Gerhart (1996) mention, mentors must have a close working relationship with new employees over the first month or two in order to build a solid bridge of understanding and working collaboration and communication between new and existing employees, management and customers of the hotel. According to Buonocore (1987), a smooth and comfortable transition into the corporation has a number of benefits. Quick group identification and a feeling of belonging will add to the cohesiveness and team potential of the group, maximum productivity will be reached earlier, loyalty and company commitment will be fostered, identifiable communication channels will ease concerns and allow the channelling of energy of performance related tasks.

- Employee 1 stressed that:

there should be more training programmes and focused ones in line with the departmental and individual needs. The actual structure and planning of training programmes should be more specific and focused on actual needs. More role plays, interactions and reflections between trainees and trainers should be implemented during training sessions. Since training programmes are limited nowadays, they should be more targeted to the actual needs and should be less boring!

Roehl and Sweldlow (1999:176), state that:

training has been linked to improved self-esteem, reduced business costs, the use of new technology, greater ability to meet the needs of the target market, more qualified employees, increased self-awareness, improved attitude, more teamwork, greater job satisfaction and greater organisational commitment.

- When it comes to development, very little is done since pay rises and promotions are very rare. Employees 1, 2 and 3 mentioned that:

it is very important for us to communicate more with our supervisors and we should be getting more targeted positive feedback and praise such as 'Thank you, Bravo, keep up the good work' and so on. The success of the training programmes as well as performance enhancements are due to a careful and successful PA scheme.

The summary of the key points are:

- T&D programmes are not considered very important nowadays
- Mainly on-the-job training programmes are used nowadays
- Induction and orientation, not done the right way as it used to be before
- More training programmes and in line with individual and departmental needs
- Very little development is done nowadays
- More successful use of departmental PA programmes is required.

4.1.1.3 Communication

The only comment with regard to the communication between employees and customers is in respect of suggestive selling and upselling in general. Employee 1 mentioned that:

in previous years we had more incentives in terms of bonus and commission on sales therefore; we used to upsell and promote the hotel and facilities more. Nowadays there are less incentives and more pressure for upselling from supervisors. It was apparent that less communication was due to the increase of job uncertainty, lower employee morale and lower employee respect and belief in people.

In order for a hotel to communicate effectively with its external public, they must possess a strong foundation of effective internal communication before they proceed to enhance effective external communication (Proctor and Doukakis, 2003). I realised that the focus group candidates were disappointed with certain communication processes deployed in their hotel and they did not want to elaborate on those further.

4.1.1.4 Service quality

Employees 1, 2, 3 and 4 stated that 'customers' SQ is not fulfilled'. A major concern was that, due to the financial downfall of Cyprus over the last few years, employees in all departments are more limited. In that respect there is more pressure exerted on and more flexibility demanded of each individual.

Employee 1 mentioned that 'customers are not always right therefore quality assurance levels scores vary according customers' final perception and experience'. He mentioned an example of customers' last minute late check-outs due to flight delays, when customers demanded free late check-outs: although reception reservation employees suggest a very attractive late check-out price, customers do not accept the offer.

The general agreement was that, generally, the overall SQ offered and value for money is positive and high, whereas tangible issues such as buildings and public areas need more investment and attention from management and directors.

The general agreement here was that HRM and SQ are correlated. They also agreed that both terms above directly and as a group contribute towards positive results in terms of SQ. They also pointed out that all the above can positively contribute towards value for money increase; these confirm the findings of Rust and Zahorik (1993); Cronin et al. (2000); Kandampully & Suhartanto (2000); Duncan and Elliott (2002); Jenda, 2002).

Finally, Employees 1 and 2 expressed concern regarding uncertainty of job security. They mentioned 'that was also due to the financial crisis that has contributed to less communication results, less team work productivity and less SQ offered to customers over the last few years'.

A summary of the key points is:

- There is an impression that customers' SQ experience is not fulfilled
- Customers are not always right, or exaggerate
- Tangible services not up to standards
- Human capital must be a priority in order to increase SQ
- There is uncertainty in job security.

4.1.2 Restaurant department

4.1.2.1 Recruitment and selection

Employee 1 mentioned that:

job description core competences are not incorporated so much nowadays, compared to the past. The major concern for the HR department is the initial cost of employees. They try to employ low cost foreign employees in order to play safe as far as their budgets are concerned. Employers nowadays pay little attention to expertise, professional knowledge and the candidate's background. They count on the professional knowledge of existing, experienced employees to be transferred to new employees via on-the-job training. This works against the SQ that customers expect and customers definitely do not get the value for money required compared to some years ago. There are certain cases where new employees end up in the restaurant from the very first day without having a proper induction. This causes frustration in the restaurant team during service and definitely customers can pick up on the

weaknesses in service. Consequently this impacts employees' flexibility and their capability to get the work done.

Huselid (1995) maintains that 'getting the right person to the right spot contributes to... an increased market value of the company... and has a... negative on turnover'. Employee 1 mentioned that:

very often when customers request something from a waiter, the answer they get is 'sorry but this is not my station, I'll call someone from this station to come to you soon!' This is due to reduced HR budgets which result in fewer qualified employees in all departments with reduced flexibility and SQ offered to customers.

Employee 3 mentioned that:

the ratio of the value of Cyprus' hospitality students is not up to the standard of the quality and quantity of Cypriot students as they were ten years ago. In that respect: The Cypriot internship programmes are much fewer compared to ten years ago and therefore there are less candidates to choose from.

There are reports that the sector has a particularly poor image in the eyes of hospitality students, which suggests that the industry may have greater difficulty attracting, recruiting and retaining quality employees (Jenkins, 2001).

Employees 1, 2 and 4 mentioned that:

hotel trade unions have lost their trustworthiness compared to some years ago due to their lack to conserve employees' collective agreements' rights, therefore the positive 'word-of-mouth' via other employees and so on works more effectively as opposed to going through trade unions.

The general agreement was that qualifications and references from previous employers are not greatly important when it comes to foreign employees' R&S. This is especially the case candidates who have no experience in Cyprus, which makes it very difficult to obtain more valid and concrete references. They all agreed that experience is very important when it comes to new employment, but especially for Cypriots or foreign employees who stay in Cyprus for many years. Experience can be obtained at other equivalent five-star hotels in Cyprus, thus oral reference rather than written reference can be more valid.

Employees 1 and 3 mentioned that:

selection process and especially interview process in our hotel is not done the right way. Since there is a lack of employees in the HR department of their hotel, unfortunately they ended up with only one person in the last months. There is lack of approaching the interview processes the right way. In previous years they used to do two to three interviews in order to proceed with the right screening of potential candidates and shortening down the list, prior to going to the hotel manager. Nowadays there is only one interview taking place either from the HR officer or the head of department and sometimes they do not follow the right process. Also some selections are finalised via internet conversation i.e. Skype and so on.

They believe that the way things were managed before in the interview process was more qualitative and more productive.

The summary of the key points are:

- Job description core competences are not incorporated so much nowadays, compared to the past

- Quality of Cypriot internship students is not the same as a few years ago
- Hotel trade unions lost their trustworthiness
- References from previous employers, not so important any more
- Selection process and specifically interviewing has not been done the right way over the last few years.

4.1.2.2 Training and development

There was a general disappointment in participants' faces when they pointed out that training programmes carried out during the winter period are very limited. They mentioned that over the last two to three years the training programme offer for the winter period is becoming less and less. This is due to:

- Limitations to T&D annual budget
- The majority of permanent employees over the winter period going either on leave or even on unpaid leave for six weeks, therefore it is very difficult to have the right training programmes for the right people.

Employee 2 also mentioned that 'training programmes organised over the last few years are only those that are compulsory such as lifeguarding, first-aid courses, International Organisation for Standardisation (ISO) programme and Hazard Analysis Critical Control Points (HACCP) programme'. In that respect he mentioned that 'only skeleton training programmes or those that are obligatory are nowadays occurring, which limits employees training development and general development opportunities'. Wilkins, Merrilees and Herington (2007: 851) state that 'training is important as it is part of the SQ and drives the performance of hotels'.

Employee 2 mentioned that 'even though the majority of training programmes are on-the-job, rather than a combination of on-the-job, in-house and off-the-job, some of them are not done the right way'. She mentioned a new menu that was launched in August, the busiest month of the year, and the waiting employees had very little or no on-the-job training; the waiting employees saw a hard copy of the new menu the day before launch, while the waiting employees did not even have the chance to see photos of the new dishes or a display of the actual dishes in the kitchen the previous day. They were not even given comments or a briefing about the new dishes from kitchen employees. The employees were passed a hard copy of photos of these new dishes a month after! She suggested that 'most training programmes must be scheduled in the winter period and especially food menus should not be implemented in the middle of summer'. The cost of not

training can be poor performance, negative attitudes, and poor behaviour of employees, which in turn impact upon SQ customer satisfaction (Lashley, 2009).

The summary of the key points is:

- Training programmes in winter are very low
- Most of the training programmes are on-the-job.

4.1.1.3 *Communication process*

The first employee disagreement took place during the restaurant focus group session. Employee 1 complained: 'I was ordered to participate in this session one hour ago, so at the last minute; therefore I had to reschedule my personal time since I was leaving work few minutes after I joined the focus group'. However, he managed to stay until the end of the focus group session. He indirectly mentioned that 'the lack of communication is partly due to the lack of proper respect from heads of departments or superiors to service employees'.

Even though the upcoming comment has to do with not only a communication barrier but coordination and generally system operation, Employee 3 found it important to mention. She argued that 'HODs go to the main restaurant for lunch, during busy restaurant times; and at different times and in different groups, rather than going together and at the proper time to allow waiting employees to offer better service to customers'.

In the absence of internal communication, it may wipe out support and loyalty among employees (Hashim, 2002).

I was positively surprised when Employees 2 and 4 mentioned that 'even though we are not very pleased with today's situation due to the financial crisis and lack

of communication, there are many cases where problems were solved by us promptly and effectively’.

The summary of the key points is:

- Lack of respect from supervisors to employees
- Lack of coordination and system operation
- Employee morale decreases.

4.1.1.4 Service quality

It was to Employee 3’s regret that ‘unfortunately even though service level is still at a high, due to all the above reasons it is not as high as it used to be five years ago’. Employees 2 and 3 mentioned that:

a few years ago, not only was manpower higher than nowadays, but also the management team. For instance the F&B team was 4-5 persons whereas today it is only 1-2. They also mentioned that due to that reason F&B and the management team generally are not as closed to them as they used to be before; especially during busy operations because the management team is very busy with other things as well.

Employee 1 mentioned that ‘the lack of stability as regards the waiting employee’s team during service and the fluctuation of quality employees in different shifts increased the frustration levels of all waiting employees and decreased SQ offered to customers’.

It was also argued that SQ is achieved via employees’ satisfaction, which is decreasing year after year. Employee 2 argued that ‘SQ can be achieved from a very careful employee strategic programme and more importance must be given to the HR team and its available HR budget in order to enhance SQ’. Finally,

Employees 1, 3 and 4 agreed that 'if SQ levels are according to customers experience then employees' and customers' satisfaction, loyalty and value for money increase will be achieved'.

The summary of the key points is:

- Service level is declining over the last five years
- Manpower and management's level was higher before than now
- Lack of employee stability
- SQ is achieved over employee satisfaction and loyalty.

Finally, both group participants raised a number of HRM and SQ issues in their department and in their hotel over the last year, as shown in the bullet points mentioned above. They were also able to correlate HRM and SQ in their hotel and department over the years, especially pointing out negative effects. There were many cases according to the points mentioned, that both groups' perceptions are close to each other. Indeed, both groups' contribution and brainstorming discussions played a dominant role towards more efficient employee questionnaire deployment to come up with more effective statistical analysis outcome later on.

4.2 Hospitality Interviews

Nineteen interviews were scheduled for the two major hotel stakeholders, their hotel managers and HR directors, as well as various other five-star hotel managers and HR directors. Five-star hotel managing directors were contacted and quality and training directors were scheduled for the interview process. I assigned interviews for a CTO quality assurance officer, SEK and PEO trade unions hotel division secretaries, as well as ACTE general manager and a CHRA

training directorate. Hotel and general business training consultants were contacted to give us their inside information and thoughts, experiences, perceptions. For confidentiality reasons, anonymity was preserved. All interviews took place at each interviewee's time and physical place away from telephone disturbances, in their own environment to make them feel comfortable and calm, and answer each question as honestly and considered as possible. All relevant questions were mapped and sent to each prior to the meetings so they could be as ready and prepared as possible.

By constantly comparing data I ended up with five themes – categories, which formed major ideas in the database. As mentioned earlier, the particular five themes or categories will be the reflection and outcome of three sources (me, as a researcher, the 19 interviewing participants and the literature reviewed). I tried to be as exhaustive as possible by placing all available data in each of those five categories. I also tried to be as conceptually congruent as possible, applying the same level of abstraction to characterise each category. Mainly, themes were major and ordinary themes I was expecting to use.

In order for the data to make sense a matrix was designed with all questions and answers on from all interviews in a form of bullet points, see **Appendix 9**.

Certain commonly used dialogue characteristics are apparent in various interviewees' transcripts. Multiple perspectives and contradictions of various individuals will also be contextually mentioned. Vivid inside details will also be identified.

From all interviews the following themes came out according to each interviewee's comments.

4.2.1 Theme 1: The importance of HR in the hotel industry

It's the heart of the hotel; it's our people who make the difference.

(Interviewee 2 and 9 respectively)

4.2.1.1 HR is very important and one of the four major hotel areas

It was commonly said that HR is the heart of the hotel and it's our people who make the difference.

- Interviewees 4 and 5 suggested that HR is one of the four major hotel areas (HR, accounting and finance, operations department, sales and marketing).
- HR directors agreed that the HR department is the connection between management and employees and, according to Interviewee 9, 'HR department plays the role of a catalyst in order to tackle and resolve as smoothly as possible all upcoming HR challenges'.
- According to Interviewee 10, 'HR department creates as well as maintains culture in liaison with the hotel management, managing directors and hotel founders'. He also said that 'culture is mainly created from the HR department'. Culture depends on how the organisation's image is described by top management (Bowen and Lawler, 1992).
- It was commonly said that 'even if we own the best hotel establishments, without the right employees, nothing can be achieved', as supported by Davidson, McPhail and Barry (2011).
- It was commonly said that 'the HR department plays a unique role in terms of achieving and maintaining SQ'. They also agreed that 'HRM is a major link towards a hotel's success or failure, therefore the major link towards achieving SQ and maintaining it'.

4.2.1.2 *HRM vs. personnel department*

- It was commonly said that the 'HR department initiated in the hotel industry in the last decade or so whereas before it used to be the personnel department with extra authorities on T&D'.
- Some hotel managers had no clear picture of what the HR department is and they believe that it is similar to what it used to be before – a personnel department. Some five-star hotels have a personnel department or personnel officer who deals with employee payroll and employee shifts, and nothing else.

4.2.1.3 *Internships*

- Both five-star hotels' major stakeholders use internship programmes with various colleges and universities, both in Cyprus and Europe. It emerges that internships take place mainly in summer, when hotels require more seasonal employees and when universities find it easier to provide students.
- Both hotels have collaborations with between five and fifteen different universities and colleges.
- According to Interviewee 8, 'common challenges hotels face with interns are home-sickness, accommodation problems, adaptation problems and so on'.
- The common impression was that the right way to treat internship programmes is by collaboration, communication and proper training. All these can positively work provided that hotels are dealing with the right colleges, and internships are taking part at the right time, not in the middle of summer. Normally they move students around in various departments

and they get experience from all departments, rather than sticking students in one department, for all those months that is, restaurant, or bar or reception, which means that hoteliers take advantage of students over summer period when they need more seasonal, cheap employees. According to Interviewees 16 and 17, 'hoteliers could collaborate with both Erasmus and Leonardo da Vinci programmes⁴, however they are rarely used since by the time hotels go for the those collaborations, students should rotate from department to department after certain period'.

⁴ Erasmus and Leonardo da Vinci programmes are subsidised European Union programmes for European students who intend to undertake their work placement programmes in another EU country.

4.2.1.4 Employee satisfaction

Interviewee 3 mentioned that 'they go for renovations and refurbishments in winter, whereas very little is done on T&D. They invest more on tangible issues rather than intangible'. He also mentioned that 'they proceeded with redundancies in one year and next year they went for renovations'.

The summary of the key points raised by interviewees is:

- HR is the heart of the hotel
- HR department creates culture
- Without the right employees, nothing can be achieved
- Some hotel managers have no clear picture of what the HR department is about
- Internship programmes are assigned from most hotels from Cyprus and abroad
- Effective internship programmes require effective training and communication.

4.2.2 Theme 2: R&S importance

- It was commonly agreed that R&S are highly important, if not the most important sections as regards HRM. It was mentioned by each interviewee that they are both correlated and go hand-in-hand. This is supported by Huselid (1995).
- Interviewees 1, 2, 4 and 5 said that 'one of the few, good things the crisis brought is a great deal of new application forms'. In other words there is an increase in the supply of applications and a decrease in demand as far as vacancies or new positions in a hotel are concerned.

- Interviewees 2, 4 and 8 said that 'team building and employee loyalty is what we try to maintain with the right R&S process. One thing you cannot buy is loyalty; it is something you build on over the years'. The balance between the cost of R&S activity and the cost of an employment offer that would reduce levels of labour turnover (Liff, 2000).
- Interviewee 15 mentioned that 'first rate people hire first rate people, second rate people, hire second rate people'. In other words everything is down to culture, if culture is to increase SQ, that means that more quality candidates will be selected, which will lead to satisfied employees and customers and therefore increased employee and customer loyalty. This is supported by Bowen and Lawler (1992).
- According to Interviewee 16, 'only 20%-30% of R&S is done correctly in the hotel industry and only 20%-30% of new employees are well-educated professionals who are career oriented'.
- Interviewees 4 and 8 agreed that 'trade unions are not so popular and reliable as they used to be a decade ago especially due to the economic difficulties Cyprus and specifically tourism is facing nowadays'.

4.2.2.1 *Recruitment channels*

- It was commonly mentioned that all channels indicated in my question are used, some more and some less. Almost everyone agreed that recommendation from within and 'word-of-mouth' is mainly used.
- Interviewees 1, 2, 4, 8, 9 and 10 mentioned that 'a pool of application forms and CVs either bringing them personally to the hotel or either via electronic channels are coming daily to five-star hotels, especially well-known hotels'. Also according to Interviewee 1, 'franchise hotels are benefiting from the

application forms and CVs sent to them from their head offices’.

Interviewees 1, 2, 4, 8 and 9 mentioned that ‘newspapers and employment services are rarely used anymore; basically they are used when we are looking for specific jobs i.e. sushi chefs or Thai masseurs, where specific skills are required and we search for these positions mainly from outside Cyprus’.

4.2.2.2 *Selection procedures used*

- It was commonly agreed that the process is the traditional one, with the collection of application forms and CVs and then they proceed with the interview process.
- Employment tests, such as cognitive, ability and psychometric tests are rarely used. Interviewees 11 and 13 mentioned that ‘we use some kind of tests for i.e. personal assistances especially typing skills, Microsoft and Internet skills and knowledge and so on’.
- It was commonly agreed that recommendation letters are not important to hotels any more, unlike to some other European countries.

4.2.2.3 *Important elements towards a successful R&S process*

- Interviewee 1 mentioned:

the 'Moment of Truth' (MOT). Mistakes could have been made during the selection process however corrective action must be taken immediately and everything must always be communicated to both parties in order to resolve and correct things to avoid dismissals'.

- It was commonly agreed that the most important element is motivation, followed by skills and experience. This is also supported by Bowen and Lawler (1992).
- It was commonly said that experience is a core competence for some specific jobs, that is, Sales and Marketing managers and so. In that respect experience comes first, along with motivation.
- 'Word-of-mouth', along with oral recommendations from collaborators, is next in importance. Interviewees 1, 2, 4, 8, 9, 12 and 13 mentioned that 'we often call other hotel managers and HR directors, people we trust for recommendations'.
- Age, nationality and recommendation letters come last in successful R&S elements.

4.2.2.4 *Hard-technical skills or soft-behavioural skills?*

Interviewee 1 mentioned that their motto is 'delight your customers'. It was commonly agreed that soft skills are much more important than hard skills.

Interviewee 1 mentioned that:

there should be a combination of the two, in other words it should be 70% soft skills and 30% hard skills. We prefer candidates who

are good characters, enthusiastic, highly motivated, positive thinkers, open minded, and with high social skills. A smile is a core competence to our hotel, especially for frontline employees.

The summary of the key points raised by interviewees is:

- R&S are very important, if not the most important
- One of the few good things the crisis brought is a great number of new application forms
- Team building and employee loyalty is what hoteliers try to maintain with the right R&S
- Unions are not so popular any more
- Interview process, most commonly used
- Recommendation letters, not so important any more
- Motivation and experience are the most important elements when it comes to selection
- Soft skills are more important than hard skills.

4.2.3 Theme 3: Training and development

You either pay for training or for the lack of it! (Interviewee 2)

4.2.3.1 T&D importance

- Enz and Siguaw (2000: 17) suggest that 'T&D are related and very important. Training has become an increasingly critical area of management for companies to enhance SQ, reduce labour costs, and increase productivity'.
- Less than half five-star hotels in Cyprus have a training manager on board. Respondents believed that part of the training manager's job is to increase capabilities, qualifications and SQ techniques of employees. They also believe that part of their job is to increase the in-house training programmes done by the training managers and his/her subordinates such as qualified departmental head trainers by CHRA. In fact, Interviewees 8, 11, 12 and 13 mentioned that '60%-70% of training programmes are done by us rather than from external training consultants'.
- It was commonly said that training starts from induction and orientation. Training is predominant especially from the induction stage. Interviewee 13 mentioned that 'we adopt a training academy, which stimulates induction and orientation. In other words all new seasonal employees pass from a two-week training programme prior to starting work'.
- *Training, 'an on-going journey to excellence'* (Kennedy, 2009). Even though it was commonly said that T&D are very important towards a hotel's success, few take precautions or monitor employees after the end of their training session to find out whether the training and techniques used were successful.

- It was commonly agreed that training programmes mainly come out of industry's trends and innovations, as well as from the annual employee's PAs. Only Interviewees 12 and 13 mentioned that 'employees are involved in the evaluation process regarding the training programmes decided as well as employees' assessment after the completion of each training programme'.
- It seems that, during the summer, not only should on-the-job training programmes occur but in-house training programmes to educate and improve both the academic and technical skills of PT employees. Training is involved with development and procedural training, whereas off-the-job is mainly done for development purposes. This is also supported by Crawshaw, Rolf and Brodbeck (2011).

4.2.3.2 *Training techniques*

- It was commonly agreed that training is essential and all three techniques mentioned are vital for the continuous increase in SQ. Harris (2007: 487) states that 'training has been shown to improve knowledge and in turn knowledge improves the delivery of hospitality business-related activities'.
- Interviewees 4, 6, 8 and 9 agreed that 'training should be both in winter and summer, especially in-house and off-the job training in winter and on-the-job during the peak summer season'.
- Interviewees 6, 8 and 9 said that 'off-the-job training programmes especially are not in our agenda any more, neither in Cyprus nor abroad'. However some hotels still use this kind of training, especially when it comes to training abroad.
- Interviewees 6 and 9 mentioned that:

an on-the-job training programme is what we follow nowadays. We have qualified internal trainers in all departments who are either called buddies, shadows, mentors or even god fathers who are responsible of the on-going, on-the-job training programmes, mainly with new recruits.

- Interviewees 4 and 11 mentioned that 'training techniques other than those mentioned are also embedded in our hotel, annual training plans, such as Web Training and Technology Based Learning (TBL)'. Web training is specific for assigned groups, such as accounting employees. Staff are authorised to have access to the hotel's training programme at home, at their own leisure time to increase specific and generic knowledge.
- Certified programmes are assigned and available either for authorised departmental trainers or HODs. Authorised training programmes are also provided to some chain hotels in Cyprus, such as Health and Safety. Certified Hotel Administration programmes are provided as well. Dale Carnegie training programmes are provided by some hotels.
- Training is used for various reasons. For instance, on-the-job is for day-to-day operational issues. In-house training is involved with development and procedural training, whereas off-the-job is mainly implemented for development issues.

4.2.3.3 *Development techniques*

- Interviewees 1, 2, 3, 6, 8 and 9 agreed that 'all four techniques are important to use and customise according to each individual case'. Most rated them and put them in order according to importance. First were knowledge, then career, then bonus and lastly pay raise. Interviewees 9

and 10 added a couple more such as friendly working environment and security assurance at work.

- Interviewees 1, 7 and 8 complained that 'some of our employees are never satisfied with all these incentives offered to them and they expect more'. They also argue that 'employees should not always ask for increase in salary and promotion but they should firstly prove that they are capable of the new position'.
- Point systems: many hotels provide this kind of incentive scheme. Employees are entitled to a point system scheme, which means that according to their contribution to new ideas; taking initiatives and so on they can exchange their points with a free restaurant meal, a spa massage package or free accommodation and so on.

4.2.3.4 *Performance appraisal (PA)*

Teach, not to punish. (Interviewee 2)

- It was commonly agreed that effective official employee PA should be done once a year, by the end of the year. Unofficial PA should happen daily, during meetings, departmental briefings, via notice boards, e-mails and so on.
- It was commonly believed by hoteliers and HR directors that PA should be a commitment between management and the employees, in terms of officially identifying improvement points that should be raised in order to improve them over the next year via communication and monitoring.
- A debate between Interviewees 8, 11 and 12 was whether PA should be on a points-scoring system or just a report with the points for improvement.

- Nobody mentioned anything about PA for PT or seasonal employees, especially all those seasonal employees that work in a hotel for five to eight months during the summer from internship programmes, walk-ins or individual recruitments. PA for PT and seasonal employees is also supported by Crawshaw, Rolf and Brodbeck (2011).
- It was commonly said that both their PA report and procedure should be simplified.

The summary of the key points raised by interviewees is:

- T&D are related and very important
- Less than half five-star hotels in Cyprus have a training manager on board
- Training starts from induction and orientation
- Training is 'an on-going journey to excellence'
- Not only on-the-job training programmes should occur during summer
- Training should be both in winter and in summer
- Off-the-job training programmes are very rare
- Certified programmes are also assigned in some hotels
- All four development techniques are important to use
- Employees are never satisfied
- Point system used as an incentive
- Official PA should be done once a year; unofficial PA, everyday
- Nobody mentioned anything about PA for PT or seasonal employees

- PA report and procedure should be simplified.

4.2.4 Theme 4: Communication importance in hotels

Communication importance in hotels

- Communication is the lifeblood of the organisation. Thus the organisations can enhance overall SQ and provide information to its internal publics through effective communication practices in the organisation (Geddie, 1999). It was commonly agreed by hotel managers and HR directors that communication is very important in hotels and that without communication hotels cannot succeed. Interviewees 1, 2, 3 and 4 mentioned that 'communication process is involved with three major hotel links. These links are communication between employees and management, communication between employees and customers, and communication between marketing and competition'. It is also supported by Proctor and Doukakis (2003).
- Interviewees 1, 2, 3, 4 and 6 mentioned some basic communication methods they used as far as communication process is concerned between management and employees. They mentioned the suggestion box they have for employees. They also mentioned that they hold weekly management meetings, with minutes, as well as employee meetings with management occasionally. Interviewee 2 mentioned:

we have big TV screens in their employees canteen, to inform employees daily about events in-house, VIP persons in the building, scanned hotel questionnaire comments, activities, special information, customers' weddings, birthdays and anniversaries as well as employees' birthday wishes.

- Interviewee 3 mentioned that 'nowadays management needs to inform employees regarding monthly financial figures and generally where they stand and how they should go about the future'.
- It was commonly mentioned that the most important and effective communication process is face-to-face, also supported by Crosby (1984) and Zeithaml et al. (1993).
- Interviewees 11, 12 and 13 mentioned that:

due to the importance of communication, management should reward all employees involved and especially essential communication processes and feedback between management and employees and they should pay more attention to more and more effective communication training programmes.

4.2.4.1 Customer culture, background and mentality importance

It was commonly agreed that all three are highly important. Most participants mentioned that the most important is the customer's mentality, since a customer's background and culture is easier to find out, understand and work on in order to achieve better and more effective communication channels.

4.2.4.2 Language barrier

There was consensus that the most important communication barrier in a hotel is language. Interviewees 2 and 7 mentioned that 'in all frontline positions we have foreign speaking employees as well'. 'We have between 10-25 different employees' nationalities for this reason; to be able to communicate with different customers' nationalities promptly and efficiently'. The markets with future great hotel business potential are mainly the Russian and lately the Chinese.

4.2.4.3 Communication type importance

It was agreed that there is a great development of the body language and the eye contact. Participants also agreed that oral and face-to-face are more important and are more interpersonal. Oral and face-to-face is also direct and more official. Written is not as direct as oral, however it can be used for any kind of written documentation, employees written warnings, manuals and protocols. Memos and e-mails are also important, but less personal.

4.2.4.4 CSQs vs. Trip Advisor vs. mystery shopper vs. customer relations

The voice of customers. (Interviewee 2)

CSQs (Communication Satisfaction Questionnaires) are critical and direct to hotels and they contribute to day-to-day communication and feedback. The CSQ was developed by Downs and Hazen (1977) to investigate the relationship between communication and job satisfaction.

4.2.4.5 *Good listening*

Even though it was accepted that good listening contributes to more effective communication and an increase in customer satisfaction, unfortunately almost everyone agreed that Cypriots are not good listeners because:

- They always want to defend themselves
- They lack basic or even new knowledge
- Of pride: they do not want to accept that they are wrong, and
- Supervisors and generally the management team work too many hours so are tired and they lack the time to listen to employees and customers or even be good listeners.

Listening is increasingly linked to service excellence, vendor partnerships, and other hospitality relationships (Lewis, 2000); Steil and Brommelje, 2004). Giving voice to service workers has been recognised as a key leadership task; effective listening helps to set the stage for full employee participation and empowerment (Conger and Kanungo, 1988).

The summary of the key points raised by interviewees is:

- Communication is the lifeblood of the organisation
- Management needs to inform employees regarding monthly financial figures

- The most important communication process is face-to-face
- The most important communication barrier is language
- There is a great development of the body language and the eye contact
- Good listening contributes to more effective communication and an increase in customer satisfaction.

4.2.5 Theme 5: SQ and customer satisfaction

4.2.5.1 SQ importance

- It was commonly agreed that SQ is the most important issue in the hotel. Interviewees 1, 2, 3 and 4 agreed that 'SQ is very important for on-going and long-term hotel success'
- Interviewees 1, 2, 3, 4, 6 and 7 agreed that 'HRM and SQ are correlated'. They also mentioned that 'It is the No1 issue as far as HRM is concerned'. That is why many HR directors are also quality development directors. They said that 'without SQ, no customer satisfaction can be achieved'. They also agreed that 'the three HR parameters that are investigated in this research are correlated with hotel's SQ'. They mentioned that 'SQ contributes to employee and customer satisfaction and loyalty'.
- Interviewees 2, 3 and 4 stated that 'due to the financial bottleneck Cyprus is facing in the last years, SQ in hotels is decreasing and that is correlated with R&S, T&D, and communication in hotels'.

4.2.5.2 Five service dimensions (SERVQUAL)

A cake without water, flour and sugar is not a cake. SQ is not SQ without the five service dimensions, (SERVQUAL, Interviewee 2)

Interviewees 1, 2, 3 and 4 agreed that 'all five of them are fundamental towards SQ achievement and assurance'. They also mentioned that 'the least important is tangible'. They mentioned that 'no matter if the building is new or even renovated; it cannot work without SQ and quality employees'. This confirms the findings of Parasuraman et al. (1991).

4.2.5.3 *Customer complaints*

A complaint is a gift; a complaint is a red alert. (Interviewee 1)

As far as customer complaints were concerned, all were aware that they were of great importance, as well as how and when to handle each of them. Most of the hotel managers stated that they handle complaints personally.

Interviewees 1, 2, 4, 7, 10 and 12 mentioned that 'we communicate customers' comments and issues electronically. We also keep the traditional way through the "log book" where everything is quoted'.

4.2.5.4 *SQ vs. customer satisfaction importance*

Interviewees 1, 2, 3, 4, 5, 6, 7, 10 and 12 agreed that ‘they are both very important towards customer satisfaction and increased business. It is all down to the hotel’s culture and philosophy’. Numerous empirical studies confirm the positive correlation between customer satisfaction and profitability (Anderson et al., 1994).

4.2.6 Service-profit chain

Interviewees 1, 2, 3, 4, 5, and 6, commonly agreed in the end that ‘Service-profit chain is what our strategic plan is all about. HR and SQ are connected and important towards profit and growth’.

A very careful and constructive interview process was achieved over the last period, along with all 19 major interviews, to come up with their inside perceptions that will contribute towards an effective HRM and SQ summary of recommendations and suggestions in the next chapter. Their feedback was essential and fruitful in general, and definitely their consideration blended with both my professional experience and the literature review research findings. A summary of the most important findings is listed below:

4.2.7 Interviews general findings

- Interviewees 2 and 9 mentioned that ‘HR is the heart of the hotel and it’s our people who make the difference’. All HR directors mentioned, that ‘the HR department is the connection between management and employees and therefore the HR department plays the role of a catalyst in order to tackle and resolve as smoothly as possible all upcoming HR challenges, towards SQ increase.’

- Some hotels go for renovations and refurbishments in winter, whereas very little is done on T&D. They invest more on tangible issues rather than intangible.
- It was commonly agreed that R&S are very important, if not the most important sections as regards HRM.
- One of the few good things the crisis brought is a great deal of new application forms. There is an increase in the supply of application forms and a decrease in demand.
- The majority of HR directors and hotel managers agreed that trade unions are not so popular and as reliable as they used to be a decade ago.
- The majority of interviewees agreed that they go via the traditional route, which is the collection of the application forms and CVs and then they proceed with the interview process.
- Employment test, such as cognitive, ability and psychometric tests are very rarely used.
- The majority of interviewees agreed that soft skills are much more important than hard skills. They also agreed that there should be a combination of the two, in other words they agreed that it should be 70% soft skills and 30% hard skills. Less than half five-star hotels in Cyprus have a training manager.
- Interviewees 6 and 9 mentioned that 'employees are involved in the evaluation process regarding the chosen training programmes, as well as employee assessment after the completion of each training programme'.
- The majority of interviewees agreed that training should be both in winter and summer, especially in-house and off-the job training in winter and on-the-job during the peak summer season.

- Interviewees 1, 3, 4, 5, 6 and 9 complained that ‘some of our employees are never satisfied with the incentives offered to them and they expect more’.
- Hotel managers and HR directors agree that communication is very important in hotels and that without communication hotels cannot succeed.
- The majority of interviewees agreed that the most important communication barrier in a hotel is language. They all mentioned that in frontline positions they have foreign speaking employees. They all mentioned that they have between 10-25 different employee nationalities for this reason, to be able to communicate with different customers promptly and efficiently.
- Even though the majority of interviewees accepted that good listening contributes to more effective communication and an increase in customer satisfaction, unfortunately almost everyone agreed that Cypriots are not good listeners.
- The majority of interviewees were aware of the importance of customer complaints, as well as how and when to handle each of them.

4.3 Employee and Customer Questionnaires

The employee response rate from Hotel 1 was 81, with 74 questionnaires from Hotel 2. The customer response rate from Hotel 1 was 69 and 116 questionnaires from Hotel 2. I collected 350 usable questionnaires, 155 from employees from the hotels and 185 from customers. Over 35% of the total number of employees replied in the summer – busy period, and almost 25% of the total number of customers replied from both hotels over a period of two weeks, in the same busy summer period. Only frontline employees were entitled to fill in the employee questionnaire (reception, housekeeping, bar, restaurant, spa, health club, kindergarten and concierge service employees) since these are the staff who

come directly in contact with customers and offer services to them. Provided that Hotel 1's employee levels are about 300, the frontline employees number is about 200; the employee response is over 35%, which is a valid response proportion (Altinay and Paraskevas, 2008). Two weeks is the average stay for customers in a tourist hotel in Cyprus. The number of usable questionnaires was almost 95%, due to my personalised coordination and commitment with all relevant people and departments in both hotels. Please see Table 4.18 below.

Table 4.1: Questionnaire response

Hotel	Employees or Customer	Number of Questionnaires Administered	Returned Questionnaires	Number of Usable Questionnaires	Response Rate %	Valid %	Comm. %
Hotel 1	Employees	85	81	81	95.3	100	24.5
Hotel 2	Employees	80	74	74	92.5	100	22.4
Hotel 1	Customers	69	66	66	95.7	100	20.0
Hotel 2	Customers	116	109	109	94.0	100	33.0
Total		350		330	94.4		

4.3.1 Questionnaire distribution and reply methods

For the employee questionnaire, there were more responses from Hotel 1 than Hotel 2. That was due to the close coordination I had with the HR Director of Hotel 1 at all times. Meetings were arranged with all HODs, people I have known during these years of work in the hotel industry, who were collaborative and helpful in terms of collecting questionnaire replies. I also met most of the employees in their departments and at their staff canteen, thus results were more fruitful. It was not the same with Hotel 2 as far as the employee questionnaire was concerned. Even though I had a meeting with them and their efforts were considerable, they were not as active as Hotel 1's. The people were helpful and I had free access to all departments at all times, but due to other commitments, they did not come up to the same standard.

Regarding customer questionnaires, the results were the opposite. I achieved far better results with Hotel 2 rather than Hotel 1. I had a closer collaboration with Hotel 2's HR and GR department than with Hotel 1. Results were tremendously better due to the fact that we had the wholehearted commitment of the two GR officers (European division and Russian division). Together we assigned various ways of collecting more customer questionnaires. We started with the customer questionnaires from their hotel rooms, prior to their departure and also sent questionnaires to all repeat Hotel 2 customers. In addition, all the team members arranged gatherings with customers over a coffee, drink, lunch or dinner to request they kindly filled in their questionnaires and submitted them. Definitely this method brought more effective results, unlike Hotel 1, which did not use these methods. They were kind and willing, but they did not do so well as Hotel 2.

4.3.2 General employees' demographic findings

The more generic findings are elaborated below with similarities and differences between the two hotels. Please see ***Appendix 10*** for comprehensive data.

Table 4.2: Hotel 1 and 2 employee demographics

Employee Demographics					
			Hotel 1	Hotel 2	Hotel 1 vs. Hotel 2 Variance
NO	Subject	Subject	%	%	
1	Nationality	Cypriots	34%	40%	-6%
A.1.	Gender	Female	60%	72%	-12%
A.2.	Age	20-30 years old	47%	51%	-4%
A.5.	Educational background	University Degree	53%	50%	3%
A.6.	Hospitality occupational experience	5-10 years	38%	41%	-3%
A.7.	Hospitality occupational experience abroad	Yes	44%	37%	7%
A.9.	Years in this hotel	2-5 years	39%	39%	0%
A.10.	Working experience	5 star hotels	85%	70%	15%
A.13.	Years in current position	Over 5 years	24%	39%	-15%
A.14.	Experience in other hotel position	Restaurant & Bar	80%	41%	39%
A.16.	Contract Agreement	Collective agreement	40%	66%	-26%
A.17.	Hours of work per week	Over 38 hours	47%	57%	-10%
A.18.	Pay raise every	Over two years	63%	54%	9%

Differences between the two hotels:

- There are more female employees in Hotel 2 than Hotel 1
- More employees in Hotel 2 remained in the same position for over five years than Hotel 1
- There are more employees with collective agreements in Hotel 2 than in Hotel 1
- There are more employees in Hotel 1 with either experience abroad or coming from abroad than in Hotel 2

- There are more employees in Hotel 1 with experience in five-star hotels than in Hotel 2
- There are more employees in Hotel 1 with experience in other hotel positions than in Hotel 2.

For more demographic data with both frequencies and valid percentages measured for Hotel 1 and Hotel 2 employees, please see **Appendix 11**.

4.3.3 General customer demographic findings

Many demographic research findings emerged from both hotels' customer questionnaires. Please see **Appendix 12** for comprehensive data.

Table 4.3: Hotel 1 and 2 customer demographics

Customer Demographics					
			Hotel 1	Hotel 2	Hotel 1 vs. Hotel 2 Var.
NO	Subject	Subject	%	%	
1	Nationality	Europeans, Russians	87%	81%	6%
A.1.	Gender	Female	58%	54%	4%
A.2.	Age	31-50 years old	56%	62%	-6%
A.5.	Educational background	Master's Degree	43%	45%	-2%
A.6.	Occupation	Self-employed	31%	18%	13%
A.7.	Purpose of this trip	Leisure	38%	36%	2%
A.8.	Your frequency of stay at hotels	Once a year	23%	29%	-6%
A.9.	Your frequency of stay in Cyprus	Once a year	74%	42%	32%
A.10.	Your frequency of stay in this hotel	Once a year	71%	62%	9%
A.11.	Annual income	Under 50,000 euro	37%	32%	5%

Both hotels' customer demographic feedback seems similar, apart from the occupation and the frequency of stay in Cyprus, where the mean score ranked greater (longer) for Hotel 1, and the age and the frequency of stay at hotels, which was higher (older and more often) for Hotel 2.

4.3.4 Frequencies analysis

Demographic frequencies and means will be discussed according to the two different questionnaires (employees and customers) for both hotels. Please see **Appendix 13**.

4.3.4.1 High frequency discussions - employees

Again a Likert scale was used from 1-5, 1 as the low end of the scale and 5 as the high. High means were calculated from 4 onwards.

Table 4.4: Hotel 1 and 2: Employee frequency over 80% existence

NO	EMPLOYEES - FREQUENCY OVER 80%	HOTEL 1	HOTEL 2
1	Interview importance during R&S process	YES	YES
2	Availability importance during R&S process	YES	
3	English language knowledge between employees	YES	NO
4	Face-to-face, very important towards service	YES	NO
5	Recommendation importance during R&S	NO	YES
6	Word-of-mouth importance during R&S	NO	YES
7	Soft or behavioural skills importance	NO	YES
8	Experience importance towards effective R&S	NO	YES
9	Skills importance towards effective R&S	NO	YES
10	Motivation importance towards effective R&S	NO	YES
11	Reference importance towards effective R&S	NO	YES
12	Application form importance	NO	YES
13	Working experience importance	NO	YES
14	Availability (factors towards effective R&S)	NO	YES
15	Russian language knowledge between employees	NO	YES
16	Questionnaires corrective action by the right people	NO	YES
17	Customers satisfaction effectiveness	NO	YES
18	Customers' complaints handling by the right people	NO	YES

Hotel 2 scored over 80% for far more questions than Hotel 1. Hotel 1 believes more on R&S importance as well as the importance of face-to-face towards SQ.

Hotel 2 believed firmly in R&S in far more cases than Hotel 1. Staff also believe in the handling complaints process, and that the more effectively it is used, the more customer satisfaction is achieved.

4.3.4.2 *Lower than 60% frequency discussions - employees*

Less than 60% means existence⁵ scoring 3.1 and less on the Likert scale.

Table 4.5: Hotel 1 and 2: Employee frequency with less than 60% existence

EMPLOYEES - FREQUENCY LOWER THAN 60%		HOTEL 1	HOTEL 2
1	Employee handbook	YES	
2	Academic qualifications during employment	YES	YES
3	Training programmes frequency occurring	YES	
4	Training towards SQ Assurance	YES	
5	Part-time training programmes	YES	
6	Development: Career	YES	
7	Development: Reward	YES	YES
8	Development: Pay raise	YES	YES
9	Development: Job security	YES	
10	External training	YES	YES
11	Training programmes attended in 2012	YES	YES
12	Training evaluation programmes by employees after the end of the training	YES	YES
13	Fairness of the actual PA Process	YES	
14	Employee's involvement in the PA Process	YES	
15	Russian language knowledge between employees	YES	YES
16	Language barrier between employees	YES	YES
17	Language barrier employees and management	YES	YES
18	Language barrier between customers and employees	YES	YES
19	Language barrier between customers and management	YES	YES
20	Frequent employee pay raise	YES	YES
21	Employee pay raise according to criteria achieved	YES	YES
22	College, university effective internship programmes	YES	YES

It shows that there are many variables with a frequency of less than 60% in both hotels, but especially at Hotel 1. For Hotel 1, it is clear from the above table that there are many low frequencies (less than 60%) in all subject areas such as R&S, T&D, communication process and SQ.

As far as Hotel 2 is concerned, most of the low frequencies are similar to the Hotel 1; yet there are low frequencies less often than at Hotel 1. Again according to employees, these are very important to them but seldom are undertaken in practice and not according to their likes and preferences.

⁵ Existence: it is what is undertaken in real life, in action, in the employees' working environment.

Common low frequencies are apparent in the employee questionnaires of both hotels. It also shows that all subject areas such as R&S, T&D, and communication process have similarities as regards low frequency existence.

4.3.4.3 High frequency discussions – Customers

As seen in the following table, in certain areas customers' frequencies are high, which means that the hotel in certain areas score high as regards SQ. Having said that, it shows that high SQ scores are not so many compared to the amount of questions raised in the customers' questionnaire regarding SQ. It is obvious that SQ high frequency figures for the Hotel 2 are apparent in all areas of the hotel and much more compared to Hotel 1.

Table 4.6: Hotel 1 and 2: Customer frequency over 80% existence

NO	CUSTOMERS - FREQUENCY OVER 80%	HOTEL 1	HOTEL 2
1	I am greeted in a warm and friendly manner	YES	YES
2	Employees are cordial, attentive and helpful	YES	
3	Food and beverage is served in the proper time	YES	YES
4	Waiting employees always thank me after dinner, on my way out	YES	
5	Hotel and room furniture and building are in good repair	YES	
6	Hotel and room furniture and building are in good repair	YES	
7	Hotel's safety and evacuation rules are clear and visible	YES	YES
8	Hotel and room cleaning is spotless	YES	YES
9	Spa and gym employees are speech clear, audible and helpful	YES	YES
10	Spa and gym employees smile and exhibit a friendly manner	YES	YES
11	Spa and gym employees are well groomed, attentive and approachable to customers' needs	YES	YES
12	Efficient SQ is important towards customers' satisfaction and customers and employees loyalty	YES	YES
13	Customer's quality perception is important to the hotel's quality performance and success	YES	YES
14	Effective customer satisfaction can contribute to hotel's financial success or loss	YES	YES
15	a. 'Profit & Growth' are stimulated primarily by customers' loyalty	YES	
16	b. 'Loyalty' is a direct result of customers' satisfaction	YES	
17	c. 'Satisfaction' is largely influenced by value of service provided to customers	YES	YES
18	d. 'Value' is created by satisfied, loyal and productive employees	YES	
19	e. 'Employee Satisfaction' results from high quality support service policies that enable employees to deliver results to customers	YES	YES
20	a. 'Reliability' is ability to perform promised service dependably & accurately	YES	YES
21	b. 'Responsiveness' is defined as the willingness to help customers and provision of prompt service	YES	YES
22	c. 'Assurance' is defined as the knowledge and courtesy of employees and inspire trust and confidence	YES	YES
23	The restaurant's aesthetic and atmosphere was exceptional		YES
24	The presentation of food was excellent		YES
25	The quality of food (starters, main dishes, dessert) was excellent		YES
26	The plate's and dish's decoration was excellent		YES
27	The waiting employees was smartly dressed		YES
28	The kitchen employees was always alert during the buffet service time		YES
29	The room service trolley was clean and well led		YES
30	There are adequate bar glass types according to each drink		YES
31	The glass's presentation is excellent		YES
32	Restaurants are clean and tidy		YES
33	Food and beverage is served in the proper time		YES
34	The bill is presented in a folder with an opened hotel pen		YES
35	Waiting employees always thank me after dinner, on my way out		YES
36	d. 'Empathy' is defined as caring and individualised attention to customers		YES
37	Positive 'Word-of-Mouth' can reflect positively to the hotel's business and revenue		YES

4.3.4.4 Low frequency discussions - customers

Table 4.7: Hotels 1 and 2: Customer frequency less than 60%

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NO	CUSTOMERS - FREQUENCY LOWER THAN 60%	HOTEL 1	HOTEL 2
1	The restaurant's aesthetic and atmosphere was exceptional	YES	YES
2	There was a variety of dishes to choose from	YES	
3	There was a variety of dishes to choose from the menu	YES	YES
4	For each drink, nuts, food accompaniments are adequate	YES	
5	The quality of drinks is excellent	YES	
6	The waiting time is adequate	YES	
7	The glass's presentation is excellent	YES	
8	Employees are promoting restaurants, products facilities of the hotel	YES	
9	Handling complaints is properly done	YES	YES
10	Employees use customer's name	YES	YES
11	Waiting employees is well aware of all menu and beverage options	YES	
12	Waiting employees is demonstrating 'suggestive selling' techniques	YES	YES
13	When I order wine, waiting employees demonstrate good wine knowledge	YES	YES
14	Bar waiting employees is well aware of all menus and wine options	YES	
15	Bar waiting employees is demonstrating 'suggestive selling' techniques	YES	
16	Employees are not only attentive but also work as a team	YES	
17	Lightings are in good condition	YES	YES
18	Hotel accessibility and disables' accessibility is in good condition	YES	YES
19	Balconies and rooms are in good repair	YES	YES
20	In-door swimming pool is always heated	YES	
21	My value for money perception and experience is exceptional	YES	YES
22	Safe box facilities are very good	YES	
23	Water sport facilities are very good	YES	YES
24	Housekeeping employees ascertain my name and use it at least once	YES	
25	Housekeeping employees is speech clear, audible and helpful	YES	YES
26	Hotel's live music is in good quality and according to various tastes	YES	
27	Hotel's live entertainment and animation programme are in good quality and in good variety for all tastes	YES	
28	Service Relationship: when 'Customers require the same employees to serve them at all times during their holidays', is an important issue toward SQ increase	YES	
29	There is an increased positive 'Word-of-Mouth' in this hotel	YES	
30	There was a variety of Theme buffet nights during the week		YES
31	The food temperature was adequate		YES
32	Baby seating facilities are very good		YES

Unlike with Hotel 1's high SQ frequencies, Hotel 2's low ones are more numerous.

Low frequency was 60% and lower than that for both hotels. Certain important SQ variables are in this category such as: employees' use of a customer's name, need for increase in positive 'word-of-mouth', etc. Also, the dependent variable is

in this category, not only in this hotel but in Hotel 2. The dependent variable is 'My value for money perception and experience is exceptional', which means that for both hotels, customers require more as regards 'value for money'.

Compared to Hotel 1, low frequency figures are much less for Hotel 2, but common SQ defaults as with the Hotel 1 can be seen, such as employees' use of customers' names or waiting employees demonstrating 'suggestive selling' techniques, and here again the dependent variable in this category can be seen.

Demographic cross-tabulation findings

The employee and customer questionnaires' cross-tabulation findings for both hotels are illustrated in **Appendix 14**. A Likert scale was used from 1-5 (1 is low, five is high) for the employee questionnaire and a Likert scale (1 is Strongly Disagree, 5: Strongly Agree), see Table 4.8 for detailed findings.

Table 4.8 Cross-tabulations, employees and customers

Employees Cross-Tabulations				
QUESTION 1: Employees have been in the same position for over five years				
	Hotel 1		Hotel 2	
Fairness of the annual PA	45%	Very low	78%	Very low
Good listening and openness to new ideas from supervisors to employees	34%	Very low	50%	Very low
Effective quality offered in your department	50%	Very low		
All employees have good knowledge of their job	67%	Low	29%	Low
QUESTION 2: Employees hadn't had a pay rise for over two years				
Fairness of the annual PA	60%	Low	78%	Low
Good listening and openness to new ideas from supervisors to employees	64%	Low		
All employees have good knowledge of their job	67%	Low	67%	Low
Customers Cross-Tabulations				
QUESTION 1: Customers stay in the hotel once a year				
	Hotel 1		Hotel 2	
SQ is declining from this hotel	80%	Strongly agree	58%	Agree
There is an increased positive 'word-of-mouth' in this hotel	37%	Agree	59%	Agree

The purpose is to show employees' and customers' perceptions regarding HRM and SQ. Table 4.8 compares the hotels' findings. Variations occurred relevant to HRM and SQ.

Employee cross-tabulations

- The fairness of the annual PA process, which is correlated with T&D, is much lower in Hotel 2 than Hotel 1
- Good listening is much lower in Hotel 2 than Hotel 1
- Good knowledge of the employee's job, which is correlated with R&S but especially with T&D, is much lower in Hotel 1 than Hotel 2
- The effective quality offered in the employee's department is much lower in Hotel 1 than Hotel 2.

Customer cross-tabulations

- Customer feedback regarding SQ declining in their hotel was much higher in Hotel 1 than Hotel 2
- Regarding the increase in positive 'word-of-mouth', agreement is much higher in Hotel 2 than Hotel 1.

Table 4.9 illustrates the major issues at both hotels.

Table 4.9 Major issues at both hotels

(A) EMPLOYEES: Cross-tabulations, comparison of Hotel 1 & 2					
		HOTEL 1		HOTEL 2	
NO	QUESTION	MEAN	LIKERT SKALE	MEAN	LIKERT SKALE
1	Fairness of the annual PA	45%	VERY LOW	78%	VERY LOW
2	All employees have good knowledge of their job	67%	VERY LOW	29%	LOW
		HOTEL 1		HOTEL 2	
NO	QUESTION	MEAN	LIKERT SKALE	MEAN	LIKERT SKALE
1	Fairness of the annual PA	60%	LOW	78%	LOW
(B) CUSTOMERS: Cross-tabulations, comparison of Hotel 1 & 2					
Customers stay in the hotel once a year					
1	SQ is declining from this hotel	80%	VERY LOW	58%	VERY LOW

- 67% It shows that employees argue in Hotel 1 that working knowledge is not adequate
- 78% It shows that employees argue in Hotel 2 that fairness of the annual PA in both questions raised above is very low

4.3.4.5 Existence versus importance⁶

It is vital to identify the variance in the hotels' employee responses regarding existence (experience) at their hotel and the importance (perception) of each variance in each hotel. It is important to distinguish between variance in *existence*

⁶ Existence vs. Importance: this shows the variation between employees' experience – existence (what is happening in real life in their hotel) and its perceived importance.

(what is happening in real life, in the actual work environment) and *importance* (the employee's perception regarding each matter), as supported by Altinay and Paraskevas (2008).

Table 4.10: Hotel 1: Existence vs. importance

NO	HOTEL 1: EXISTENCE vs. IMPORTANCE	
1	Training programmes frequency occurring	-28.97
2	Training evaluation process as regards need and importance	-27.15
3	Development tools: career	-27.70
4	Development tools: reward	-29.78
5	Development tools: pay raise	-38.51
6	Training programmes attended in 2012	-35.43
7	Training evaluation programmes by employees after the end training	-31.04
8	Employee's involvement in the 'PA Process'	-31.75
9	Clarity of information between management and employees	-30.57
10	SQ that contributes to employee and customer satisfaction as well as customer and employee loyalty	-27.78
11	Frequent employee pay raise	-34.81
12	Employee pay raise according to criteria achieved	-29.09
	College, university effective internship programmes	-30.97
AVERAGE:		-31.04

The above differences between existence and importance in Hotel 1 are of prime interest. As seen in the above table, all 12 variables have an average difference between existence and importance of over 30%. In other words, all the above variables differ between theory and in actual practice and experience in work, by some 30%. Some important variables that have such big differences (see those in red boxes, major difference above) are the frequency of training programmes, development issues such pay rise, and frequency in pay. Having said that, with the above 30% difference between existence and importance, it can be seen that there is a major difference between employees' wants and their actual existence in the working environment.

Regarding Hotel 2, there are many variable differences between existence and importance, however most of them common to both hotels, as in Table 4.11 below.

Table 4.11: Hotel 2: Existence vs. importance

NO	HOTEL 2: EXISTENCE vs. IMPORTANCE	
1	Academic qualifications during employment process	-23.22
2	Training evaluation process as regards need and importance	-23.90
3	Part-time employees training programmes	-20.64
4	Development tools: career	-29.69
5	Development tools: reward	-32.08
6	Development tools: pay raise	-38.64
7	Training techniques: external training	-27.82
8	Frequency of training programmes: Winter	-46.44
9	Training programmes attended in 2012	-29.63
10	Training evaluation programmes by employees after the end training	-28.43
11	Annual PA Process	-23.85
12	Fairness of the annual PA Process	-34.77
13	Employee's involvement in the 'PA Process'	-35.71
14	Good listening and openness to new ideas from supervisors to employees	-25.75
15	Language barrier: between employees	-28.27
16	Frequent employee pay raise	-42.71
17	Employee pay raise according to criteria achieved	-49.32
18	College, university effective internship programmes	-27.51
AVERAGE:		-31.58

In Hotel 2, the difference between existence and importance regarding employee experience and perception is, again, approximately 32% overall. However, there are more variables here, with an average of approximately 32% compared to Hotel 1. Some important variables with major differences (see those in red boxes indicating major difference) are the frequency of training programmes, annual PA issues and pay raise issues. This is the first instance of Hotel 2 having so many and so major discrepancies between employees' wants and actual existence in their real, working environment compared with Hotel 1.

It is certain that at both hotels there are similarities and common issues and concerns regarding means and frequencies, and definitely a great many employees of both hotels concurred with all the above issues in their questionnaire, a frequency of between 85 and 95%. Regarding findings, most of the issues are common to both hotels, but there are many common, low frequencies in both hotels of less than 60%, which are very important and cannot be avoided. Also, vital findings are the differences between existence and importance for several variables arising from the employee questionnaire.

It shows that SQ high frequency figures for the Hotel 2 are apparent in all areas of the hotel, much more than at Hotel 1. However, as can be seen in the following low mean SQ figures, grounds for improvement are required.

4.3.5 Pearson correlation coefficient

I present strong, linear and significant correlations between two variables, since most of the results are over **0.5** for the employee and customer questionnaire responses from both Hotel 1 and Hotel 2. Four tables will be illustrated below, two for employees and two for customers, at Hotel 1 and 2. The tables will show strong, linear correlation between variables (five main questions for employees and six for customers' questionnaire and their strong correlation with various other questions – variables). These strong correlations are connected with both major areas researched, HRM and SQ.

4.3.5.1 Hotel 1 – Employee questionnaire (application/existence)

Table 4.12 : Hotel 1: Employee questionnaire

EMPLOYEES - HOTEL 1		MAIN QUESTIONS				
		B1	C4	D2	E1	E21
CODE	CORRELATED QUESTIONS	CORRELATION COEFFICIENT				
C1	Working satisfaction, job empowerment, morale	0.535				
C2	Training programmes frequency	0.452	0.729		0.598	
C3	Training evaluation process as regards need and importance		0.770		0.604	
C5	Part-time employees training programmes		0.609			
C6b	Development tools: Career		0.549			0.506
C6c	Development tools: Reward		0.556			0.593
C6e	Development tools: Security					0.523
C7a	Training techniques: On-the-job		0.585	0.573		
C7b	In-house training	0.409				
C9	Training programmes attended in 2012		0.577			
C10	Training evaluation programme by employees after the end of training		0.568			
C12	Fairness of the annual PA process		0.564	0.541		
C13	Employees' involvement in the 'PA Process'	0.425				
D1	Communication between management and employees			0.619		
D10	Clear working responsibilities between management and your department	0.436			0.604	0.558
D12	Clarity of information between management and employees	0.403				
D13	Language barrier: Between employees and management			0.540		
D4	Greek language knowledge between employees			0.541		
D9	Customer Questionnaires corrective action by the right people				0.557	
E1	SQ that contributes to employee and customer satisfaction, as well as customer and employees loyalty	0.455				
E2	Management's awareness of customers' clear quality perception				0.847	
E3	Customers' satisfaction effectiveness				0.758	
E4	Customers' effective complaints handling				0.739	
E5	Customer complaints handling by the right people				0.558	
E10	Employee pay raise according to criteria achieved					0.569
E20	All customers are greeted in respect to warmth and friendliness					0.661

Question B1: Employee morale and employee empowerment

According to *Table 4.12*, employees strongly believe that to achieve increased employee morale and empowerment, what is mainly required is work satisfaction followed by frequent training, as supported by Roehl and Sweldlow (1999).

Question C4: Training towards SQ Assurance

It is clear from the above table that employees agree that training can assist SQ assurance. They believe that all kinds of training methods, all year round, are highly important provided that good planning is achieved in a collaboration with management, HR departments and of course employees, also supported by Enz and Siguaw (2000).

Question D2: Communication between management, employees and customers

The above table shows that it is clear to the majority of employees that communication is fundamental to the hotel's success. It is vital that communication between management and employees is clear and positive. Therefore, on-the-job training such as departmental briefings is required to transfer information quickly and clearly to everyone. Effective internal communication skills have, in fact, led to the organisation's success (Gallo, 2002).

Question D2: Communication between management, employees and customers

The above table shows that there is a strong perception by employees that to achieve SQ and customers' and employees' satisfaction and loyalty, management must have a clear perception of quality as far as customers are concerned. Good training is also required and of course the complaints handling process should be maintained effectively at all times. SQ has a significant impact on customer satisfaction and customer loyalty (Eskildsen et al., 2004).

Question E1: SQ that contributes to employee and customer satisfaction as well as customer and employee loyalty

Finally, the table above shows that employees agree that nothing can be achieved without good knowledge of their job. Everyone agrees that all customers should be greeted with respect to warmth and friendliness.

4.3.5.2 Hotel 2 – Employee questionnaire (application/existence)

Question B1: Employee morale and employees empowerment

The table below shows that similar comments and concerns at Hotel 1 are met here again with Hotel 2 employees. They believe that effective SQ is required from their department to increase their morale.

Question C4: Training towards SQ Assurance

The table below shows similar issues to Hotel 1. Employees believe that training is important towards SQ assurance, however training without development tools such as reward and career cannot be efficient, supported by Enz and Siguaw (2000).

Question D2: Communication between management, employees and customers

The table below shows that communication is fundamental towards the hotel's success. Good listening and openness to new ideas from supervisors to employees is very important. Listening is increasingly linked to service excellence, vendor partnerships, and other hospitality relationships (Lewis, 2000); Steil and Brommelje, 2004).

Table 4.13 : Hotel 2 – Employee questionnaire

EMPLOYEES - HOTEL 2		MAIN QUESTIONS				
		B1	C4	D2	E1	E21
CODE	CORRELATED QUESTIONS	CORRELATION COEFFICIENT				
B1	Employee morale and employee empowerment					0.54
C2	Training programmes frequency		0.567			0.542
C3	Training evaluation process as regards need and importance	0.530				
C6b	Development tools: Career		0.595			0.510
C6c	Development tools: Reward		0.566			
C7b	In-house training		0.540			
C7c	Training techniques: External training		0.576			
C9	Training programmes attended in 2012					0.558
C11	Annual PA process					0.519
D1	Communication between management and employees	0.525				
D2	Communication between management, employees and customers				0.657	0.630
D5	English language knowledge between employees			0.663		
D9	Customer Questionnaires corrective action by the right people					0.586
D10	Clear working responsibilities between management and your department				0.658	0.551
D11	Good listening and openness to new ideas from supervisors to employees			0.564		
D12	Clarity of information between management and employees	0.502				
D13a	Language barrier: Between employees			0.560		
D13b	Language barrier: employees and management			0.559		
D9	Customer Questionnaires corrective action by the right people				0.624	
D11	Good listening and openness to new ideas from supervisors to employees	0.555			0.625	
E1	Effective SQ offered in your department			0.502		0.581
E2	Management's awareness of customers' clear quality perception				0.744	
E3	Customers' satisfaction effectiveness				0.738	0.653
E4	Customers' effective complaints handling				0.742	
E5	Customer complaints handling by the right people			0.657	0.625	
E18	Effective SQ offered in your department	0.577		0.820	0.668	
E19	Good repair and condition of the various tangible services: i.e. (landscape, lighting, furniture, building)				0.654	
E20	All customers are greeted with warmth				0.616	

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	and friendliness					
E21	All employees have good knowledge of their job	0.538			0.607	

Question E1: SQ that contributes to employees' and customers' satisfaction as well as customers' and employees' loyalty

The table above shows a strong perception among employees that in order to achieve SQ and customers' and employees' satisfaction and loyalty, management must have clear quality perception as far as customers are concerned.

Question E1: SQ that contributes to employees' and customers' satisfaction as well as customers' and employees' loyalty

The table shows again that employees agree that nothing can be achieved without having a good knowledge of the job. Everyone agrees that all customers should be greeted in respect to warmth and friendliness, but without incentives such as career development, results will not be so effective.

The general findings as far as employees in Hotel 1 and 2 are:

- *Hotel 1:* There is strong and linear correlation between employee morale and empowerment increase and increased training frequency, career development and SQ increase. In other words, employees' morale is increased by the time they get the right training, development and SQ is achieved. Roehl and Sweldlow (1999: 176) state that:

studies have shown that training has been linked to improved self-esteem, reduced business costs, the use of new technology, greater ability to meet the needs of a target market, more qualified employees, increased self-awareness, improved attitude more teamwork, greater job satisfaction and greater organisational commitment.

- *Hotel 2:* There is strong and linear correlation between employee morale and empowerment increase (good listening, clarity of information and fairness of PA). Also, there is a strong relationship between the fairness of the PA towards development (career and reward), as well as employees' contribution to the PA process. They also believe that by the time effective communication is achieved, departmental SQ effectiveness will be achieved.
- *Hotel 1 and 2:* Both hotels show a strong and linear correlation between employee empowerment and development enhancement such as career, reward. They also correlate effective communication and SQ increase.

The differences between employees in Hotel 1 and 2 are:

- As far as Hotel 1 is concerned, in order for employees to be satisfied and loyal, effective HRM but especially T&D is required, which will contribute to SQ increase; whereas
- As far as Hotel 2 is concerned, in order to increase SQ, effective communication is required.

4.3.5.3 Hotel 1 – Customer questionnaire

Question C7: Front Office employees are cordial, attentive and helpful

As far as customer perception is concerned, Hotel 1 customers in the following table believe that, in order for front office employees to be cordial, attentive and helpful, good communication is required. Friendliness and SQ is achieved as well as showing acknowledgement, self-esteem and empathy to customers by addressing them by their name.

Table 4.14 Hotel 1: Customer questionnaire

CUSTOMERS - HOTEL 1		MAIN QUESTIONS					
		C7	C13	C26	D2	E9	F1
CODE	CORRELATED QUESTIONS	CORRELATION COEFFICIENT					
C2,F/O	Employees' speech clear and audible	0.534					
C1,F/O	I am greeted in a warm and friendly manner	0.620					
C6,F/O	Employees use customer's name	0.638					
C17,R	Food and beverage is served in the proper time		0.589				
C16,R	Waiting employees is demonstrating 'suggestive selling' techniques		0.619				
C15,R	Waiting employees is well aware of all menu and beverage options		0.708				
C12,R	Employees are cordial, friendly, helpful and work as a team		0.734				
C14,R	Restaurants are clean and tidy		0.755				
C23,B	Employees are well groomed			0.591			
C21,B	I am greeted in a warm and friendly manner			0.629			
C25,B	Bar waiting employees is well aware of all menus and wine options			0.811			
C27,B	Employees are not only attentive but also work as a team			0.871	0.697		
D10	Hotel air-condition is at good temperature						0.502
D3	Lighting is in good condition						
D6	Hotel's safety and evacuation rules are clear and visible				0.590		0.509
D7	Balconies and rooms are in good repair				0.760		
D8	In-door swimming pool is always heated						0.527
D9	Crockery, cutlery and chinaware are spotless and of the same design				0.604		
D10	My value for money perception and expectation is exceptional					0.635	
E7	Spa and gym employees are speech clear, audible and helpful					0.774	
E9	Spa and gym employees smile and exhibit a friendly manner					0.706	
E11	My value for money perception and expectation is exceptional			0.638			
F2	Customer quality perception is important to the hotel's quality performance and success						0.625

Question C13: Restaurant employees are attentive and approachable of customers' needs

As far as employees' attentiveness and approach to customers' needs is concerned, customers believe in the above table that on the one hand food must be there, in good quality and served in the proper time. On the other hand, waiting employees must be friendly, helpful and work as a team as well as provide a clean and tidy restaurant.

Question C26: Bar waiting employees are demonstrating 'suggestive selling' techniques

Suggestive selling, upselling techniques and promotion of various departmental aspects and facilities to be given to customers are fundamental, according to the table. Having said that, customers request that bar employees are well groomed, friendly and helpful and should be aware of all menus and wine options.

Question D2: Hotel and room furniture and building are in good repair

An important element of SQ assurance is the so-called tangible services according to Table 4.14, where customer expectations are high. They expect to be safe at all times. Lighting, rooms and balconies must be functioning and in good repair, always one hundred per cent.

Question E9: Spa and gym employees are well groomed, attentive and approachable to customer's needs.

The above table shows that spa and gym facilities and employees are an essential part of the whole service experience and value for money. It seems that not only the 'hard' or technical skills are important to customers but also 'soft' or behavioural skills. Therefore, employees' friendliness, approach and help are very

important to customers in order to arrive at positive perceptions of value for their money, satisfaction and increased SQ.

Question F1: Efficient SQ is important towards customers' satisfaction and customers' and employees' loyalty

The above table shows that service efficiency as well as customer satisfaction and loyalty are not an easy. It requires a package of quality essentials. In other words, customer SQ and customer satisfaction come from service offered from all departments, food quality, and quantity and of course quality.

4.3.5.4 Hotel 2 – Customer response

Table 4.15 Hotel 2: Customer questionnaire

CUSTOMERS - HOTEL 2		MAIN QUESTIONS					
		C7	C13	C26	D2	E9	F1
CODE	CORRELATED QUESTIONS	CORRELATION COEFFICIENT					
C1,F/O	I am greeted in a warm and friendly manner	0.510					
D1	Hotel air-condition is at good temperature				0.552		
D4	Hotel accessibility and disabled accessibility is in good condition				0.644		
D7	Balconies and rooms are in good repair				0.542		
E7	Spa and gym employees are speech clear, audible and helpful					0.564	
F2	Customer quality perception is important to the hotel's quality performance and success						0.606

As can be seen from the table above, linear, strong correlations for customers in Hotel 2 are few compared to Hotel 1. A descriptive analysis follows for each question below.

Question C7: Front office employees are cordial, attentive and helpful

As far as Hotel 2 customers are concerned, according to the table above they demand and expect a great deal as far as SQ is concerned. For instance, when it comes to front line employees they expect them to be well groomed, friendly, attentive and helpful at all times.

Question D2: Hotel and room furniture and building are in good repair

Similar to Hotel 1's customer perception, according to the above table, Hotel 2 customers believe that tangible services are important compared to intangible ones. Customers expect their safety to be achieved at all times.

Question E9: Spa and gym employees are well groomed, attentive and approachable to customer needs

Similar to the Hotel 1, Hotel 2 customers according to the above table believe that spa and gym facilities and employees are an essential part of the whole service experience and value for money perception.

Question F1: Efficient SQ is important for customer satisfaction and customer and employee loyalty

Like Hotel 1 customers, at Hotel 2 it is clear to customers from the above table that service efficiency, customer satisfaction and loyalty is not easy. It requires a package of quality essentials. Customer SQ and customer satisfaction comes from the service offered from all departments, food quality, and quantity and of course quality.

The general findings as far as employees in Hotel 1 and 2 are:

It seems that customers strongly correlated frontline employees with friendliness, demonstration of suggestive selling, teamwork building, and employee attentiveness. On the other hand, they correlate tangible service effectiveness with balconies and rooms being in good condition, as well as lighting. Furthermore, analysis of the above must be assigned to increase customer satisfaction and loyalty as well as the hotel's overall SQ and profitability increase.

The difference between Hotel 1 and 2 is that, as far as Hotel 2 is concerned, there were no strong correlations between questions C13 and C26, which had to do with restaurant and bar service, compared to Hotel 1 where there were correlations.

4.3.6 Factor analysis

Factor analysis is fundamental for more efficient and effective quantitative research as far as this research is concerned and is basically questionnaire analysis. The purpose was to come up with a small number of factors strongly significant and contributing to the effectiveness of HRM and SQ at both hotels. Factor analysis was implemented for both hotels, for both employees and their customers. Six factors were revealed for both hotels' employee questionnaires, whereas for the customer's questionnaire eight factors for both hotels emerged, **Appendix 15.** A brief explanation of the analysis will follow. SPSS statistics were used.

4.3.6.1 Hotel 1 – Employee questionnaire

Table 4.16: Hotel 1: Employee factor analysis

EMPLOYEES FACTOR ANALYSIS - HOTEL 1						
NO	FACTORS	COMPONENT RANGE	RELEVANT QUESTIONS			
			HRM & R&S	T&D	COMMUNICATION	SQ
1	T&D is a driving force towards effective communication process and SQ	0.690 until 0.803		8	5	3
2	Effective R&S can contribute towards less communication barriers	0.537 until -0.627	7	3	7	3
3	R&S and pay rise effect towards employee's loyalty	0.233 until -0.644	8	1		7
4	Fair employee PA contributes to SQ increase	0.603 until -0.513	1	3	1	8
5	R&S cannot be successful without proper T&D	0.461 until -0.408	9	4	2	2
6	Communication cannot be effective without proper T&D programming	0.470 until -0.331	5	2	6	
TOTAL			30	21	21	23

Factor 1: The majority of employees believe that effective T&D in their hotel contribute towards effective communication process and SQ. Enz and Siguaw (2000: 17) stated that:

training has become an increasingly critical area of management for companies to enhance SQ, reduce labour costs, and increase productivity, they also believe that training can work as a driving force towards SQ assurance, and that training without the proper step-by-step development process cannot be successful and efficient.

Factor 2: Employees perceive the various factors contributing to their R&S process such as experience, skills, recommendations, motivation and availability of a vacancy. They also believe that due to the lack of efficiency in the above factor, communication barriers are blocking their work such as language barriers

between customers and management, customers and employees, between employees and between employees and management

Factor 3: Employees believe that a pay rise is an important incentive towards SQ achieved, although they feel that employee pay rises must be made according to various criteria and that all the above contribute towards employee loyalty and sustainability in their field of work. According to the factor title, the major idea is to make sure that more effective R&S channels and procedures are maintained in order to decrease employee turnover.

Factor 4: Specifically, they believe that employees who do not have so much involvement in their 'PA Process', SQ in their department is declining. They also believe that all customers should be greeted more and in a better way as far as warmth and friendliness are concerned.

Factor 5: Employees believe that R&S process cannot be successful without proper T&D. Hotels should view training as a core best practice necessary to sustain the on-going journey to excellence versus a programme to complete, a workshop to attend or certification to achieve, Kennedy (2009).

Factor 6: Employees believe that there are barriers to communication in the language in their hotel between employees, management and customers due to lack of a proper T&D process. In fact they feel that training programmes do not frequently take place.

4.3.6.2 *Hotel 2: Employee response*

Table 4.17: Hotel 2: Employee questionnaire

EMPLOYEES FACTOR ANALYSIS - HOTEL 2						
NO	FACTORS	COMPONENT RANGE	RELEVANT QUESTIONS			
			HRM & R&S	T&D	COMMUNICATION	SQ
1	Effective communication contributes towards SQ increase	0.681-0.808		1	6	10
2	Effective communication leads to SQ increase and customer satisfaction	0.535 until -0.415	1	2	10	2
3	R&S contributes towards effective Training and Job Satisfaction	0.551-0.275	10	5	3	2
4	R&S is important towards effective communication process	0.603 until -0.513	11		4	1
5	Effective R&S contribute towards future communication effectiveness	0.467 until -0.493	7	1	3	3
6	Effective communication reflects R&S process positively	0.377 until -0.243	6		6	3
TOTAL			35	9	32	21

Factor 1: The majority of employees have a clear picture that ‘SQ contributes to employee and customer satisfaction, as well as customer and employees loyalty’ through effective communication processes. Communication is needed to increase efficiency, satisfy customers, improve quality and create innovative products (Mount and Back, 1999).

Factor 2: Effective communication is crucial to the hotel’s success as far as the majority of employees are concerned. According to Gallo (2002), well-built foundations of effective internal communication skills were in fact responsible for the organisation’s existing success.

Factor 3: The majority of employees believe that in order to have more efficient training programmes, effective R&S processes must be implemented. Effective

R&S can be a driving force for more work satisfaction, job empowerment and increase in morale.

Factor 4: It is apparent that without effective R&S no effective communication process can be achieved. CVs and interviews are essential and contribute to effective future communication process between management, employees and customers provided that CV analysis and effective interview processes are achieved.

Factor 5: Communication processes can only be efficient and productive and contribute towards increased SQ if proper and effective R&S processes are followed.

Factor 6: A smooth and comfortable transition into the organisation has a number of benefits such as loyalty and company commitment and efficiency in the communication channels used (Buonocore, 1987). It is apparent to the majority of employees that communication processes cannot be effective and work towards customer's satisfaction, increase repeat business and per customer daily revenue if no effective R&S process is achieved upfront.

Table 4.18: Employee factor analysis comparison

EMPLOYEES FACTOR ANALYSIS COMPARISON FOR HOTEL 1 & 2				
HOTEL	HRM & R&S	T&D	COMMUNICATION	SQ
HOTEL 1	30	21	21	23
HOTEL 2	35	9	32	21

The general findings as far as the employee questionnaire factor analysis is concerned are:

- *Hotel 1* seems to have many issues and concerns in all areas (both HRM & SQ), whereas *Hotel 2* has also many issues in all areas apart from T&D.
- *Hotel 2* has more communication issues than *Hotel 1*.
- *Hotel 1*: Major interventions of both T&D into pay rise and effective communication are extensively used by employees, thus employee loyalty and SQ are achieved, as supported by Conrade, Woods and Ninemeier (1994).
- *Hotel 2*: In five out of six factors, effective communication for employee loyalty and increased SQ is an essential as far as employees are concerned.
- *Hotels 1 and 2*: It was shown in both hotels' employee factor analysis that HRM is correlates with SQ regarding employee satisfaction and loyalty.

4.3.6.3 Hotel 1 – Customer questionnaire

Table 4.19 Hotel 1: Customer factor analysis

CUSTOMERS FACTOR ANALYSIS - HOTEL 1							
NO	FACTORS	COMPONENT RANGE	RELEVANT QUESTIONS				
			F&B	FRONT LINE SERVICE	TANGIBLE SERVICE	OTHER SERVICES	GENERAL SERVICES
1	Parasuraman's 'Five Service Dimensions' need	0.720-0.815	7	8	1	3	
2	The customer's SQ perception varies from the actual - experienced one	0.700 until - 0.326	3	1		1	14
3	Restaurant's 'Plate Service' or 'Set Menu' service contributes towards positive 'Word-of-Mouth'	0.673-0.411	4	4	2	1	1
4	Customers might be happy but SQ improvement is needed	0.357 until - 0.485	4	4	2	1	1
5	Customer satisfaction contributes to hotel's increased business	0.362 until - 0.502	5	1	3		3
6	SQ needs improvement	0.373 until - 0.435	2	1	1	2	5
7	SQ often fluctuation	0.365 until - 0.493	2	4			6
8	Attention to detail and tangible services need improvement	0.378 until - 0.400	8	7	4	3	
TOTAL			35	30	9	8	30

Factor 1: Hotel 1 customers' perception and expectation of quality is at the highest level regarding the best food and beverage, the best waiting service and the best suggestive selling, the best atmosphere and ambiance and of course the best communication and response to their needs. In other words, they expect not only to have the best intangible but the best tangible services.

Factor 2: SQ improvements are needed from customers in order to achieve customer satisfaction and profitability. Numerous empirical studies confirm the

positive correlation between customer satisfaction and profitability (Anderson et al., 1994).

Factor 3: Even though customers experience good service qualities in the hotel overall, there is still room for improvement, especially in matters such as the variety of dishes to choose from or the decoration of the plates and dishes.

Factor 4: Again, customers seem to be generally happy with the hotel, however improvement is still possible in all areas. For instance, customers commented on the cleanliness of the room service trolley, as well as food being at room temperature.

Factor 5: There is a question requiring customers' general ideas about whether 'effective customer satisfaction can contribute to hotels' success'. It seems that hotels have to work more on customer satisfaction techniques to enhance satisfaction and loyalty.

Factor 6: In order for Hotel 1 to maintain customer loyalty at high levels, they need to increase the satisfaction level by enhancing SQ achievement. Superior SQ enables a firm to differentiate itself from its competition, gain a sustainable competitive advantage, and enhance efficiency (Mei et al., 1999; Kandampully and Suhartanto, 2000; Gounaris, 2003).

Factor 7: Customers again mention SQ increase in all areas. They mention SQ increase in the areas of room service, spa, bar, restaurant and front office. It also shows that positive 'word-of-mouth' needs improvement. It appears that an increase in SQ is required.

Factor 8: Generally speaking, customers strongly believe that 'efficient SQ is important towards customers' satisfaction and customer and employees loyalty'. It shows that customers believe that Hotel 1 needs to improve its customer service

in order to increase customer loyalty. Areas for improvement are tangible issues such as lighting, furniture and the hotel's accessibility. It also shows that housekeeping employees must be trained and educated in order to ascertain customer names.

4.3.6.4 Hotel 2 – Customer questionnaire

Table 4.20: Hotel 2: Customer factor analysis

CUSTOMERS FACTOR ANALYSIS - HOTEL 2							
NO	FACTORS	COMPONENT RANGE	RELEVANT QUESTIONS				
			F&B	FRONT LINE SERVICE	TANGIBLE SERVICE	OTHER SERVICES	GENERAL SERVICES
1	Good SQ assurance but still room for improvement	0.534-0.644	8	7	4	3	
2	Customers SQ perception vs. SQ experienced	0.643 until -0.548	3	2	3	3	8
3	SQ perception and experience is high, however small details are missing	0.585-0.566	1	4	1		7
4	Parasuraman's 'Five Service Dimensions' need improvement	0.465 until -0.546	1	6	1	4	
5	SQ is there, SQ details are missing	0.850 until -0.370	4	3		2	1
6	Restaurant service is high, refining details still missing	0.514 until -0.294	1	5		1	3
7	More food variety and better food presentation is required	0.261 until -0.271	3	2	1	2	1
8	F&B service quality experience fluctuates	0.327 until -0.253	2	5		1	3
TOTAL			23	34	10	16	23

Factor 1: SQ level is at a very good stage, however there are still grounds for improvement since the customer satisfaction level is not at the optimum level.

Factor 2: What is really worrying is that, even though customers expect much from that provided, the actual service experience is not to their overall satisfaction.

Factor 3: To be fair, the customer service experienced is at very good levels. However, there are grounds for improvement, especially with small SQ details. For instance, the employee should use the customer's name more, or bar employees should wish customers a nice day on their way out of the bar.

Factor 4: The little details or the extra service edge seems to be missing. In other words, customers expect front office employees to promote more restaurants, products and facilities.

Factor 5: It shows that customers are looking for that extra quality service, empathy so far as service is concerned or that personalised service in order to fulfil self-esteem or even self-actualisation. In other words, to achieve over value over the money they paid.

Factor 6: Customers said that when they order wine, waiting employees demonstrated good wine knowledge but not the best. They were also greeted in a warm and friendly manner, however they believe there is room for improvement.

Factor 7: Again, customers comment that even though they had good value for their money, SQ can be improved. In other words they commented that the restaurant's aesthetics and atmosphere could be improved.

Factor 8: Finally, once again even though customers are very pleased with the hotel and show a willingness to come back, SQ enhancement could be improved.

Table 4.21 Factor analysis comparison

CUSTOMERS FACTOR ANALYSIS COMPARISON FOR HOTEL 1 and 2					
HOTEL	F&B	FRONT LINE SERVICE	TANGIBLE SERVICE	OTHER SERVICES	GENERAL SERVICES
HOTEL 1	35	30	9	8	30
HOTEL 2	23	34	10	16	23

Hotel 2 has fewer issues than *Hotel 1* regarding F&B and General Services sections. *Hotel 1* has fewer issues than *Hotel 2* as regards frontline services. The general findings are that both hotels show high SQ attempts, however there is still room for improvement in both hotels. It is apparent that empathy and personalised service is what needs more work, including monitoring and training. Small details need to be improved and trained to all waiting employees, as well as better suggestive selling techniques and demonstration of better wine knowledge.

As far as both hotels' customer comments are concerned:

- (a) There is difference between SQ and customer satisfaction
- (b) Parasuraman's five service dimensions increase is required
- (c) There is SQ fluctuation, lack of consistency
- (d) Attention to detail as mentioned above is required.

It was clear from customers' comments that customer satisfaction was not up to the right level in either hotel, due to SQ fluctuation and missing small SQ details.

4.3.7 Regression analysis

In this final part of the statistical analysis research, we will perform linear regression to determine whether one or more variables can significantly predict or explain the dependent variable. Variables in factor analysis, in order to significantly explain the dependent variable, there's a need to score lower than **0.05**.

As far as the employee questionnaire is concerned, the dependent variable is the question **E22** (*Your employment satisfaction in this hotel*). As far as the customer questionnaire is concerned, the dependent variable is the question **E1** (*Value for money experienced from the hotel*). The aim of my research is to show that HRM is a driving force for SQ increases in hotels. In other words the aim of the above regression analysis is to:

- Show which of the above employee factor analysis findings (for both hotels separately) are strongly significant with the dependent variable question **E22** in the employee's questionnaire; and
- Show which of the above customer's factor analysis findings (for both hotels separately) are strongly significant with the dependent variable, question **E1**, in the customer questionnaire.

4.3.7.1 Hotel 1 – employee questionnaire regression analysis

Further discussion and analysis will be followed, providing the strong significance between dependent and certain variables scoring less than **0.05** (see Table 4.22).

Table 4.22: Hotel 1: Regression analysis

FACTOR	FACTOR PRICE	SIGNIFICANCE LEVEL
Factor1	0.334	0.000
Factor2	0.381	0.000
Factor3	0.194	0.150
Factor4	0.204	0.110
Factor5	0.386	0.000
Factor6	0.253	0.002

Coefficient model 1:

$$y=3.472 + 0.334 \text{ factor1} + 0.381 \text{ factor2} + 0.386 \text{ factor5} + \text{residue}$$

Table 4.23 Hotel 1: Correlations, employee questionnaire

Correlations, employees questionnaire, Hotel 1							
Dependant variable	E22 EXISTENCE	REGR factor score 1 for analysis 3	REGR factor score 2 for analysis 3	REGR factor score 3 for analysis 3	REGR factor score 4 for analysis 3	REGR factor score 5 for analysis 3	REGR factor score 6 for analysis 3
E22	1.000	0.334	0.381	0.194	0.204	0.386	0.253
Sig/ (1-tailed)		0.001	0.000	0.041	0.034	0.000	0.011
N	81	81	81	81	81	81	81

Table 4.24 Hotel 1: Hotel summary

Hotel 1 - Model Summary^a									
					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1.000	.742 ^a	0.550	0.513	0.70593	0.550	15.072	6	74	0.000

a. Predictors: (Constant), REGR factor score 6 for analysis 3, REGR factor score 5 for analysis 3, REGR factor score 4 for analysis 3, REGR factor score 3 for analysis 3, REGR factor score 3 for analysis 3, REGR factor score 2 for analysis 3, REGR factor score 1 for analysis 3 b. Dependent Variable: E22EXISTENCE

The above tables show that there is a strong significance between the dependent variable and factors (1, 2, and 5). In that respect, further micro research findings

will be portrayed below for each factor that is strongly significant with the dependent variable.

(a) Factor 1: T&D is a driving force towards effective communication process and SQ

As far as the dependant variable is concerned, in order for employees to be happy and satisfied T&D has an important role. Effective communication and SQ leads to employment satisfaction.

According to Factor 1 findings, employees specifically state training is very important in their success. However, training without proper development tools such as knowledge, career and reward cannot be effective for their job satisfaction and SQ enrichment. Employees increase their effort and commitment to the attainment of organisational goals because they wish to gain access to valuable career development opportunities that are on offer (Kramer et al., 2010).

According to Enz and Siguaw (2000: 17), 'training has become an increasingly critical area of management for companies to enhance SQ, reduce labour costs, and increase productivity'.

(b) Factor 2: Effective R&S process contributes towards less communication barriers

Employees mentioned that the factors contributing during their R&S process were: experience, skills, recommendations, motivation and then availability as far as the position is concerned. They believe that interview processes play a fundamental role towards future career enhancement and development, which is an important component as regards future effective communication process. It is also supported by O'Doherty et al. (1994), Fletcher (1990) and McDonald and Hakel (1985).

Previous studies revealed that cognitive ability tests are very effective hiring and recruitments strategies (Ryan and Tippins, 2004). Although ability tests are the most effective way to predict job success, only between 15% and 20% of companies use some sort of ability test (Rowe, Williams and Day, 1994). What the above authors mention is what happens with employees in Hotel 1. They are unaware or have relatively little awareness of cognitive or tests in general and they are not used at all in their hotel, even though they believe that they would have been important towards their future communication process and employment satisfaction level.

(c) Factor 5: R&S process cannot be successful without proper T&D

Employees mentioned that recruitment channels such as trade unions and 'word-of-mouth' were highly important during their selection process. On the other hand, they mentioned that if no proper T&D process had been undertaken after their selection process, neither their employment career nor their employment satisfaction would have been successful. Roehl and Sweldlow (1999: 176) stated that 'training has been linked to improved self-esteem, reduced business costs, the use of new technology, greater ability to meet the needs of a target market, more qualified employees, increased self-awareness, improved attitude more teamwork, greater job satisfaction and greater organisational commitment'.

4.3.7.2 Hotel 2 – Employee questionnaire regression analysis

Table 4.25: Hotel 2: Employee questionnaire regression analysis

FACTOR	FACTOR PRICE	SIGNIFICANCE LEVEL
Factor1	0.687	0.000
Factor2	0.387	0.000
Factor3	0.430	0.560
Factor4	0.110	0.110
Factor5	0.710	0.071

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Factor6	0.150	0.015
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Coefficient model 2:

$$y = 3.845 + 0.687 \text{ factor1} + 0.387 \text{ factor2} + \text{residue}$$

Table 4.26 Hotel 2: Correlations, employee questionnaire

Correlations, Employees Questionnaire, Hotel 2							
Dependant variable	E22 EXIST-ENCE	REGR factor score 1 for analysis 1	REGR factor score 2 for analysis 1	REGR factor score 3 for analysis 1	REGR factor score 4 for analysis 1	REGR factor score 5 for analysis 1	REGR factor score 6 for analysis 1
E22	1.000	0.687	0.387	0.043	0.100	0.071	-0.015
Sig/ (1-tailed)		0.000	0.000	0.358	0.175	0.274	0.449
N	74	74	74	74	74	74	74

Table 4.27 Hotel 2 - Model summary_b

Hotel 2 - Model Summary _b									
					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error	R Square Change	F Change	df1	df2	Sig. F Change
1	.801 ^a	0.641	0.609	0.57308	0.641	19.940	6	67	0.000

a. Predictors: (Constant), REGR factor score 6 for analysis 1, REGR factor score 5 for analysis 1, REGR factor score 4 for analysis 1, REGR factor score 3 for analysis 1, REGR factor score 3 for analysis 1, REGR factor score 2 for analysis 1, REGR factor score 1 for analysis 1
b. Dependent Variable: E22EXISTENCE

It seems from the above table that there is a strong significance between the dependent variable and Factors 1 and 2. In that respect further micro research findings will be portrayed below for each factor that is strongly significant with the dependent variable.

Factor 1: SQ and its influence towards effective communication

Employees believe that SQ enhancement cannot be achieved without effective communication process. They also point out that management's awareness of customers' clear quality perception is obligatory.

Employees count for a great deal regarding the clarity of information between management and employees. They believe in the following customer components for effective communication: customer culture, mentality and background.

Factor 2: *Effective communication leads to SQ increase and customer satisfaction*

In a nutshell, in this new era of globalisation, organisations are beginning to realise that employee communication is no longer just 'nice to do' 'but critical to success (Michael, 1995). Hotel 2 employees believe in effective communication in order to achieve customer and employee satisfaction in order to enhance SQ. According to Gallo (2002), the very well-built foundation of effective internal communication skills has in fact led to the organisation's success.

4.3.7.3 Hotel 1 - customer questionnaire regression analysis

Table 4.28 Hotel 1: Customer questionnaire regression analysis

FACTOR	FACTOR PRICE	SIGNIFICANCE LEVEL
Factor1	0.389	0.000
Factor2	0.130	0.054
Factor3	0.253	0.000
Factor4	0.066	0.320
Factor5	0.143	0.035
Factor6	0.098	0.142
Factor7	0.019	0.775
Factor8	0.011	0.868

Coefficient model 3:

$$y=3.448 + 0.389 \text{ factor1} + 0.253 \text{ factor 3} + \text{residue}$$

Table 4.29 Hotel 1: Correlations, customer questionnaire

Correlations, Customers Questionnaire, Hotel 1									
Dependant variable	E1 Other Services	REGR factor score 1 for analysis 1	REGR factor score 2 for analysis 1	REGR factor score 3 for analysis 1	REGR factor score 4 for analysis 1	REGR factor score 5 for analysis 1	REGR factor score 6 for analysis 1	REGR factor score 6 for analysis 1	REGR factor score 6 for analysis 1
E1	1.000	0.535	0.178	0.348	0.091	0.196	0.135	0.026	0.015
Sig/ (1-tailed)		0.000	0.071	0.002	0.228	0.053	0.134	0.416	0.451
N	69	69	69	69	69	69	69	69	69

Table 4.30 Hotel 1 - Model summary^b

Hotel 1 - Model Summary ^b									
					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.711 ^a	0.506	0.440	0.53202	0.506	7.667	8	60	0.000

a. Predictors: (Constant), REGR factor score 8 for analysis 1, REGR factor score 7 for analysis 1, REGR factor score 6 for analysis 1, REGR factor score 5 for analysis 1, REGR factor score 5 for analysis 1, REGR factor score 4 for analysis 1, REGR factor score 3 for analysis 1, REGR factor score 2 for analysis 1, REGR factor score 1 for analysis 1

b. Dependent Variable: E1 Other Services

It seems from the above table that there is a strong significance between the dependent variable and factors (1 and 3).

Factor 1: Parasuraman's five service dimensions importance towards customer satisfaction

Hotel 1 customers strongly perceive and expect Parasuraman's five service dimensions to achieve customer satisfaction. They expect both intangible and tangible services to work perfectly. Customers' high SQ expectations more specifically encompass intangible service issues such as empathy and personalised service, employee working knowledge, upselling techniques and suggestive selling, team building, employees' grooming, approach and employees' clear diction and helpfulness. SQ has a significant impact on customer satisfaction and customer loyalty (Eskildsen et al., 2004).

Factor 3: Positive Plate SQ results lead to positive 'word-of-mouth'

It seems that there are grounds for improvement as far as SQ is concerned. Specifically customers believe that employee and customer satisfaction are very important in order to achieve loyalty. SQ leads to customer loyalty and attraction of new customers, positive 'word-of-mouth', employee satisfaction and commitment, enhanced corporate image, reduced costs, and increased business performance. It seems that service improvement is required when it comes to buffet and the variety of set menu⁸ dishes to choose, as well as overall presentation of the dishes.

⁸ Set menu: a limited, three-course menu with limited starters, main dishes, desserts to choose from.

4.3.7.4 Hotel 2 – Customer questionnaire regression analysis

Table 4.31 Hotel 2: Customer questionnaire regression analysis

FACTOR	FACTOR PRICE	SIGNIFICANCE LEVEL
Factor1	0.549	0.000
Factor2	0.089	0.254
Factor3	0.030	0.703
Factor4	0.109	0.167
Factor5	0.043	0.584
Factor6	0.087	0.266
Factor7	0.209	0.009
Factor8	-0.129	0.102

Coefficient model 3:

$$y = 3.688 + 0.549 \text{ factor1} + \text{residue}$$

Table 4.32 Hotel 2: Correlations, customer questionnaire

Correlations, Customers Questionnaire, Hotel 2									
Dependant variable	E1 Other Services	REGR factor score 1 for analysis 1	REGR factor score 2 for analysis 1	REGR factor score 3 for analysis 1	REGR factor score 4 for analysis 1	REGR factor score 5 for analysis 1	REGR factor score 6 for analysis 1	REGR factor score 6 for analysis 1	REGR factor score 6 for analysis 1
E1	1.000	0.549	0.089	0.030	0.109	0.043	0.087	0.209	-0.129
Sig/ (1-tailed)		0.000	0.177	0.379	0.131	0.329	0.184	0.015	0.091
N	109	109	109	109	109	109	109	109	109

Table 4.33 Hotel 2: Model summary

Hotel 2 - Model Summary ^a									
					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.7625 ^a	0.391	0.343	0.79041	0.391	8.034	8	100	0.000

a. Predictors: (Constant), REGR factor score 8 for analysis 1, REGR factor score 7 for analysis 1, REGR factor score 6 for analysis 1, REGR factor score 5 for analysis 1, REGR factor score 5 for analysis 1, REGR factor score 4 for analysis 1, REGR factor score 3 for analysis 1, REGR factor score 2 for analysis 1, REGR factor score 1 for analysis 1

b. Dependent Variable: E1 Other Services

It seems from the above table that there is a strong significance between the dependent variable and factor 1.

Factor 1: Sufficient SQ, but still room for improvement

Hotel 2 seems to be a high quality and reliable hotel, but there is still room for improvement. Crompton and McKay (1989) submitted the premise that satisfaction and SQ are not the same, stating: 'Satisfaction is a psychological outcome emerging from an experience, whereas SQ is concerned with the attributes of the service itself'. Definitely, customer satisfaction is the ultimate goal; therefore attention to detail is very important towards achieving this.

The following is a summary of the most important findings:

- Generally speaking, it seems from both hotel comments that *HRM* is a driving force towards SQ and customer satisfaction. It is also apparent that R&S, T&D and communication process are correlated and contribute to more efficient and effective SQ.
- *T&D* for Hotel 1 seems to be very important for the hotel's success and contributes to more efficient communication towards increased employee morale and empowerment and decreased employee turnover. SQ and customer satisfaction are correlated and very important towards the hotel's increased profitability.
- *Communication* effectiveness is what needs improvement as far as the employee questionnaire feedback is concerned in Hotel 2.
- Customers' questionnaire feedback showed that *Parasuraman's five service* dimensions are important and needed in Hotel 1 in order to increase SQ, which will contribute to customers' positive 'word-of-mouth'.

- *Attention to detail* is what seems to be missing from Hotel 2 as far as customer questionnaire feedback is concerned in order to increase the hotels' SQ.

It seems from both qualitative and quantitative research findings that HRM and SQ are related. Also, quite a few strongly linear and significant correlations emerged from quantitative research that will be the basis of the next chapter, Chapter 5, presents a summary of recommendations and suggestions for both 5* hotels, towards effective HRM which will be a driving force for SQ increase and customer satisfaction.

Chapter 5: Recommendations and Suggestions summary for Effective HRM and SQ in Five-Star Hotels

Chapter 5 presents a summary of recommendations and suggestions for both 5* hotels towards effective HRM and SQ. The recommendations and suggestions summary is the direct product of the research findings (both qualitative and quantitative research) in Chapter 4. The recommendations and suggestions summary covers the fundamentals of designing, monitoring, and evaluating HRM and SQ effectiveness in five-star hotels in Cyprus.

The first section of this chapter presents the philosophy of the proposed recommendations and suggestions summary. Section 2 presents an Action Plan, which in return presents the trend and an extensive gap analysis via a designed Ishikawa fishbone diagram. The diagram identifies and presents the causes of customers' inadequate 'value for money' provision in Hotels 1 and 2, due to customers' reduced satisfaction. The last part of the above action plan analysis is called 'Action', which is explored in Section 3. The third section provides a detailed description of the summary of recommendations and suggestions for both hotels regarding HRM and SQ along with the description of the roles, duties and responsibilities of the major stakeholders, which are the management and employees of five-star hotels. In conclusion, Section 4 presents an evaluation of the recommendations and suggestions summary.

5.1 Philosophy of the Recommendations and Suggestions Summary for Effective HRM and SQ in Five-star Hotels

My initial aim was to research and rigorously examine, in depth, the importance of HRM and its correlation with SQ towards customer satisfaction. The most important issue was employment of the right employees at the right time, with high professional qualities and skills that continually improve their scholarship, performance and efficiency in the hospitality industry in order to enhance SQ and customer satisfaction.

Table 5.1 exhibits the discrepancies between the views of hotel employees as regards critical HRM and SQ issues, with respect to (a) **existence** and (b) **importance**⁹ in their hotel working environment.

⁹ It is very important to distinguish the difference between employee perceptions or the importance of various issues, and existence of various issues and matters in real life.

Table 5.1 Employee questionnaire – Existence vs. Importance

CODE	QUESTION - (RECRUITMENT & SELECTION)	EXISTENCE OR IMPORTANCE	HOTEL 1 FREQUENCY	Existence vs. Importance VAR %	HOTEL 2 FREQUENCY	Existence vs. Importance VAR %
B1	Staff morale and staff empowerment	EXISTENCE	67%	-13.00	78%	-11.00
		IMPORTANCE	80%		89%	
B4	Recruitment channels during your selection process:					
	b. Trade Unions	EXISTENCE	64%	-8.00	69%	-12.00
		IMPORTANCE	72%		81%	
B10	Academic qualifications during your employment process	EXISTENCE	59%	-14.00	59%	-17.00
		IMPORTANCE	73%		76%	
C1	Working satisfaction, job empowerment, morale	EXISTENCE	67%	-16.00	76%	-16.00
		IMPORTANCE	83%		92%	
C2	Training programmes frequency occurring	EXISTENCE	56%	-23.00	74%	-14.00
		IMPORTANCE	79%		88%	
C3	Training evaluation process as regards need and importance	EXISTENCE	56%	-21.00	69%	-22.00
		IMPORTANCE	77%		91%	
C4	Training towards Service Quality Assurance	EXISTENCE	62%	-17.00	80%	-12.00
		IMPORTANCE	79%		92%	
	Part-time staff training programmes	EXISTENCE	59%	-15.00	65%	-16.00
		IMPORTANCE	74%		81%	
C5	a. Development tools					
	b. Career	EXISTENCE	55%	-24.00	63%	-27.00
		IMPORTANCE	79%		90%	
	c. Reward	EXISTENCE	51%	-22.00	58%	-27.00
		IMPORTANCE	73%		85%	
	d. Pay raise	EXISTENCE	41%	-26.00	49%	-30.00
		IMPORTANCE	67%		79%	
	e. Job security	EXISTENCE	62%	-15.00	73%	-17.00
		IMPORTANCE	77%		90%	
C7	Training techniques:					
	a. On-the-job	EXISTENCE	70%	-13.00	79%	-12.00
		IMPORTANCE	83%		91%	
	b. In-house training	EXISTENCE	64%	-11.00	73%	-15.00
		IMPORTANCE	75%		88%	
	c. External training	EXISTENCE	50%	-15.00	55%	-21.00
		IMPORTANCE	65%		76%	
C9	Training programmes attended in 2012	EXISTENCE	51%	-29.00	58%	-22.00

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		IMPORTANCE	80%		80%	
C 10	Training evaluation programmes by employees after the end training	EXISTENCE	50%	-23.00	58%	-24.00
		IMPORTANCE	73%		82%	
C 12	Fairness of the annual Performance Appraisal Process	EXISTENCE	61%	-18.00	67%	-16.00
		IMPORTANCE	79%		83%	
C 13	Employee's involvement in the "Performance Appraisal Process"	EXISTENCE	52%	-24.00	54%	-30.00
		IMPORTANCE	76%		84%	
D 1	Communication between management and staff	EXISTENCE	67%	-14.00	74%	-17.00
		IMPORTANCE	81%		91%	
D 6	Russian language knowledge between employees	EXISTENCE	55%	-10.00	52%	-16.00
		IMPORTANCE	65%		68%	
D 10	Clear working responsibilities between management and your department	EXISTENCE	69%	-15.00	73%	-19.00
		IMPORTANCE	84%		92%	
D 11	Good listening and openness to new ideas from supervisors to employees	EXISTENCE	66%	-19.00	68%	-24.00
		IMPORTANCE	85%		92%	
D 12	Clarity of information between management and staff	EXISTENCE	65%	-29.00	69%	-16.00
		IMPORTANCE	94%		85%	
E 9	Frequent employee pay rise	EXISTENCE	41%	-23.00	43%	-33.00
		IMPORTANCE	64%		76%	
E 10	Employee pay raise according to criteria achieved	EXISTENCE	51%	-22.00	44%	-44.00
		IMPORTANCE	73%		88%	
E 11	College, university effective internship programmes	EXISTENCE	47%	-21.00	61%	-23.00
		IMPORTANCE	68%		84%	
E 21	All employees have good knowledge of their job	EXISTENCE	67%	-18.00	75%	-19.00
		IMPORTANCE	85%		94%	
E 22	Your employment satisfaction in this hotel	EXISTENCE	69%	-15.00	77%	-12.00
		IMPORTANCE	84%		89%	
AVERAGE:				-18.38	AVERAGE:	-20.14

Dependent variable

The table supports the need for a new alternative approach as regards employees' and management's perceptions connection and communication efficiency. The cornerstone of the summary of recommendations and suggestions rest on the foundation that a successful, effective, and correlated HRM and SQ process is achieved, based on the mutual commitment of both employees and management, to win customer satisfaction. The predominant rationale of the quantitative research undertaken was to quote the contextual issues and perceptions of employees and supervisors along with customers from both major stakeholders. The conducted research enabled me to explore the issues surrounding HRM and SQ, identify obstacles and limitations, and clarify the views of the primary stakeholders on a variety of issues. Research findings reflecting balanced views of all stakeholders became the cornerstone of the proposed recommendations and suggestions summary.

General findings

Both hotels have an 18-25% discrepancy between existence and importance.

Hotel 1

Hotel 1 has variance over 25% between existence and importance at the following:

- Pay raise
- Training programme attended in 2012
- Clarity of information between management and employees.

Hotel 2

Hotel 2 has variance of 25% between existence and importance in the following:

- Career
- Reward
- Pay raise
- Employee's involvement in the Performance Appraisal process
- Frequent employee pay rise
- Employee pay raise according to criteria achieved.

Average discrepancy

- Hotel 1 has an average discrepancy of -18.38% from all above (existence and importance) variations
- Hotel 2 has an average discrepancy of -20.14 from all above (existence and importance) variations.

5.1.1 Summary of Recommendations and Suggestions Utilisation

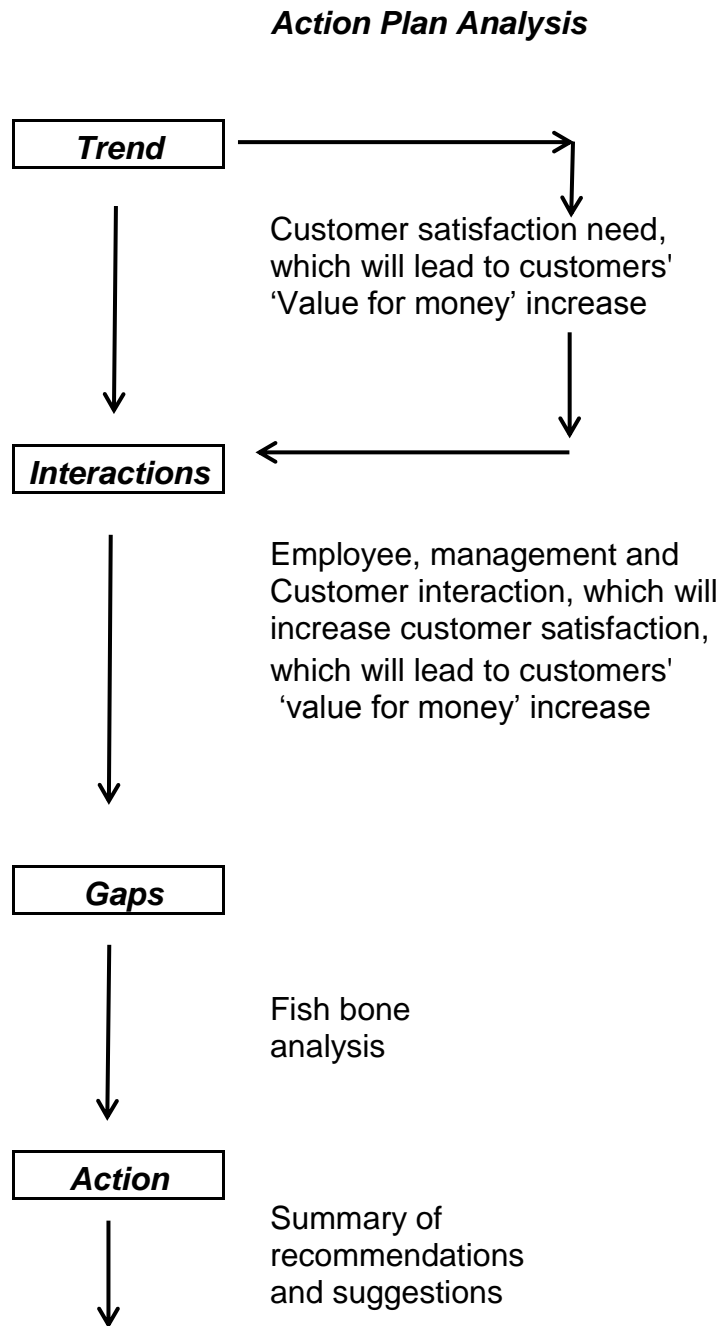
It is important to clarify how and by whom the recommendations and suggestions are going to be utilised. Primarily, major stakeholders in Hotel 1 and Hotel 2 will implement the proposed recommendations and suggestions during 2014. Follow-up research studies will investigate the recommendations and suggestions' effectiveness and all corrective actions will be undertaken to ensure the recommendations and suggestions' feasibility, practicality, and effectiveness. Other five-star hotels whose hotel managers and HR directors interviewed are waiting to analyse Hotel 1 and Hotel 2's results before making their decisions. Their final decisions will be based upon a number of factors such as the future

satisfaction level of the hotel's customers, as well as increases in SQ results in both hotels over the next year of the recommendations and suggestions' use. Last, but not least, operational capabilities as well as budgetary and environmental constraints will be undertaken from the other five-star hotels prior to engaging and implementing the summary of the recommendations and suggestions.

5.2 Most Important Research Findings: Action Plan Analysis

The objective of this study is to convey that effective HRM is correlated and a driving force for SQ, in order to increase customer satisfaction. Furthermore, a pertinent Action Plan analysis is designed and a 'fishbone' diagram is created to reveal all causes contributed to decreased value for money levels in the Cyprus five-star hotel industry. In that respect, all causes revealed from both qualitative and quantitative research analysis will be tackled to portray a transparent picture of HRM and SQ outcome in five-star hotels in Cyprus today. To this end, many issues are presented to each of the major stakeholders. Findings are summarised below in Figure 5.1.

Figure 5.1 Summary of findings



5.2.1 Trend

The common trend is customer satisfaction, which will lead to customer 'value for money' increases. Effective HRM practices need to be integrated in order to increase effectiveness of (a) R&S (b) T&D and (c) communication processes in the five-star working environment to increase SQ.

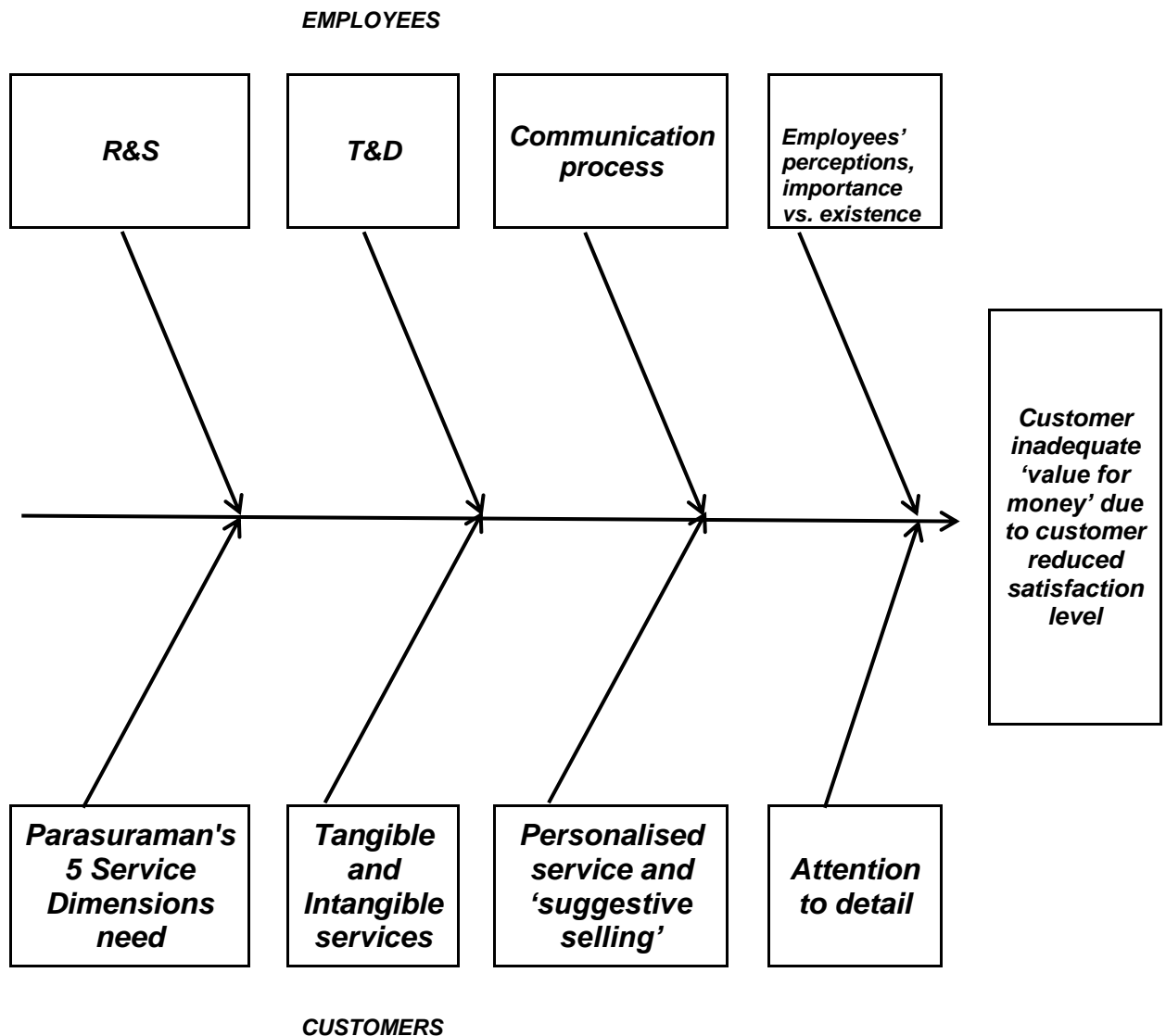
5.2.2 Interactions

The leverage here is the rationale of deployment of employees, management and customer interaction as well as employees' and management's commitment and mutual increased perceptions of an effective R&S, T&D and communication, process, which will lead to increased SQ.

5.2.3 Gaps analysis

This is where I will leverage my efforts using the 'fishbone' diagram, *Figure 5.2* below, which will play a predominant role in emerging the nexus of causes contributing towards customers' inadequate 'value for money' due to reduced customer satisfaction. The fishbone will include the employee questionnaire research findings on the one side, and customer questionnaire research findings on the other side. Management interview issues will be inferred when and where necessary. Regression analysis findings will then be invoked in order to point out strong significances between certain factor analysis variables and the dependent variable. Contingent argumentation will be articulated when needed with regards to employee, management and customer issues in relation with the predominant cause, which is due to customers' inadequate 'value for money'.

Figure 5.2 'Fishbone' diagram – Causes of inadequate 'value for money' due to reduced customer and employee satisfaction and loyalty



5.2.3.1 Employee questionnaires research findings

The upper part of the diagram demonstrates the employee's unfavourable treatment and the lower the customer's unfavourable treatment. Results will be discussed through the use of a fishbone analysis, which will enable me to build the summary of recommendations and suggestions. I will focus on the upper side of the fishbone areas first, those that employees are involved in, stressing employees' quantitative research findings.

(a) R&S

According to the majority of the hotel managers and HR directors interviewed, R&S are a very important, if not the most important section of HRM. Unfortunately the employee questionnaire findings do not support the same aspects. Although hotel managers and HR directors seem greatly to appreciate and respect the R&S process, quantitative research from both hotels showed that (a) the employee handbook and (b) job descriptions are not credible and well used.

Employees believe that even though internal notices are in use, they are not extensively employed. In other words, management misuses noticeboards for internal information and notices, which means that not all information is placed there with regard to new applications or new vacancies, or it is confusingly used. Therefore, better and clearer use of internal notices is required in order to inform all existing employees about empty positions, either for the existing employees to apply or to inform people they know so they apply on time.

Employees also believe that the following factors were involved during their R&S process and were not holistically used. These factors are experience, skills and motivation. I believe these are highly important factors contributing to the process of hiring a potential new candidate, however hotel management does not consider it priority.

There is a pool of employees who mentioned during completion of their questionnaire that their academic qualifications did not play a major role in their selection process. It seems that management does not highly value academic qualifications during the process of selecting a new candidate. On the contrary, it seems that they pay attention more to other factors such as experience, skills and motivation. This shows that employers strongly relate to the traditional selection process, which includes an application form, CV attachment and the interview process. It seems, however, from the employee questionnaires that little

credence is given to various tests available, such as cognitive, ability, attribute and personality tests. On the other hand, the majority of employees are not familiar or even aware of the existence or need of the above tests.

One thing that both employees and management agreed on is the low importance of trade unions as a recruitment channel during the selection process. Both agreed that their power in the R&S process of employees, as well as employee rights support, is very limited nowadays. Therefore, it has not been used much over the past few years.

Finally, both agreed that 'soft' skills are much more important than 'hard' skills. They also agreed that there should be a combination of the two, with management mentioning that there should be 70% soft skills and 30% hard skills. In other words they believe that personality skills are more important than technical skills, as technical skills can more easily be taught than personality.

(b) *T&D*

Training is 'an on-going journey to excellence' (Kennedy, 2009). Hotels 'should view training as a core best practice necessary to sustain the on-going journey to excellence versus a programme to complete, a workshop to attend or certification to achieve', Kennedy (2009). Management's reply with regards to interviews was that they totally support Kennedy's statement. It seems that to a great extent T&D is taking place in their hotels and most of those are supported by a HR director. On the other hand, about 25% of each hotel's employee questionnaire replies mentioned that they have been in the same position for over five years. In that respect, from the employees' perception it shows that development programmes have been limited over the last few years, which tends to decrease employee morale, motivation and works towards higher employee turnover. Even though employees seem to stay in the same position for many years, employee

questionnaires showed that employees in general do not have good knowledge of their work.

Training should start from the induction and orientation of new employees. As a matter of fact, one hotel chain in Cyprus adopts a training academy that stimulates induction and orientation. In other words, all new seasonal employees go through a two-week training programme prior to starting work. At the end of the two weeks they take an exam and they also receive a report from their HOD in order to be officially qualified to start work. On the one hand I was pleased to hear the above induction and orientation philosophy and procedure, but on the other hand, according to the employee quantitative research, most of the time they either have an induction session ranging from one to three hours or neither induction nor orientation at all. Also, employees mentioned that their induction was arranged at the last minute and it was done by the wrong person – not an HR management person. Specifically, they mentioned that they were given a uniform, locker and shown the way in and out of the hotel entrance only!

Over 60% of employees from both hotels who filled in the employee questionnaire mentioned that they did not have a pay rise for over two years. It is fairly evident that even if a good training programme is provided to employees per year, development schemes have unfortunately been rare in the past few years. In that respect, a great deal of employee dissatisfaction is apparent when it comes to morale, empowerment and motivation.

Even though the majority of HR directors and hotel managers interviewed for the employee quantitative research mentioned that they (a) have in-house, on-the-job internal trainers or mentors and (b) arrange train-the-trainer programmes, this is not borne out by findings. McMurrer and Van Buren (1999: 46) mention that:

they don't have a specified mentor for themselves or they don't have a mentor at all. In Japan, companies use one-on-one training with a designated mentor or elder that is conducted under the direction of an employee's manager or supervisor, neither of whom is considered part of the training employees.

As a result, Japanese companies have fewer formal trainers but the average employee-to-trainer ratio is higher. I do not agree that the above Japanese method could efficiently work in Cyprus. However, mentors or so-called 'buddies' or 'godfathers' are very important for the initial as well as on-going training of employees and employment satisfaction.

Training techniques other than those mentioned are also embedded in some hotels' annual training plans, such as web training and Technology Based Learning (TBL). Web training is specific to assigned groups, such as accounting employees. They are connected with a specialist trainer abroad in order to be trained on specific systems, programmes and techniques in their field. TBL is another system one five-star hotel launched, and is 'training from your personal computer at home'. You have authorised access to the hotel's training programme at home, in your leisure time, to increase specific and generic knowledge. My opinion based on experience is that hotels should be finding out innovative and exclusive or custom-made training techniques that would enhance employees' interest and knowledge. In my opinion, the above method is important in the Cyprus hotel industry but for certain and specific cases. On the other hand, most of the employees interviewed have no idea what TBL is.

Certified programmes are assigned and available either for authorised departmental trainers or HODs. Authorised training programmes are also provided to some chain hotels in Cyprus, according to HR directors and hotel

managers interviewed. Procedural training certifications are authorised such as Health and Safety. Certified Hotel Administration programmes are provided as well. Dale Carnegie training programmes are provided by some hotels. In my opinion, programme certification is most important and contributes to employees' working knowledge, however certification is rare in the hotel industry and a privilege of very few five-star hotels in Cyprus.

According to employees, the training programmes undertaken are not only limited but also inappropriate. They added that PT and seasonal employees should attend training courses often, too, but during interviews management mentioned employees are never satisfied; no matter how many things are obtained from management throughout the year, they are never pleased. Even though management insists that adequate training is offered to employees not only in winter but in summer as well, the employees' perception is not the same. Employees believe that training programmes are scheduled mainly in winter and involve in-house training programmes, whereas on-the-job training programmes are incorporated during the summer period. Employees also believe that off-the-job (off-premises) training programmes are rare in the past few years. Regarding training abroad, few hotels offer this privilege nowadays and it tends to be for the F&B management team and especially the culinary management team.

Both management and employees agreed that the training evaluation process on behalf of employees should be more frequent since the contribution of employees, their suggestions and ideas are highly fruitful and constructive. They also mentioned that employees should be involved in the actual annual training programmes assigned for employees for the year ahead, in order for employees' training results to be more effective and beneficial. They also agreed that more

attention should be placed on the after training progress, so management and trainers monitor and control whether or not the training was a success.

PAs can help companies measure and evaluate training programmes. PA is defined by Mondy (2008: 245) as a 'system of review and evaluation of individual or team task performance'. From management's point of view, it was agreed that a better and more productive employee annual appraisal process should be adopted. It seems that not only does the PA form and procedure need restructuring, but that managers and supervisors should be trained more on the importance of PA to achieve better future results. Some employees mentioned that supervisors are sometimes not appraised annually by general management, which does not portray a fair picture.

According to research findings it seems that in order for all employees to have good knowledge of their job, there should definitely be development tools. These are not just the minimum training courses they attend each year but career enhancement, reward and pay rises according to pre-set criteria. There is a strong relationship between employee job knowledge enhancement and development schemes. They believe that employees cannot be developed or increase their SQ knowledge without development schemes. Definitely, a careful rationale and rigorous development programme can be established for each employee, provided that effective PAs, good departmental employee monitoring and efficient communication process are tackled.

Finally employees believe that high employee morale and empowerment are correlated with the training programmes employees attend per year. Again, with the above statement we can understand and appreciate the importance of training programmes. As mentioned earlier, training can only be successful if employees

are involved in the training programme evaluation process, and there is effective use of the annual employee PA.

(c) *Communication process*

According to replies from hotel managers and HR directors with regards to interviews achieved, they all agreed that communication is very important in hotels and that without communication hotels cannot succeed. I agree with their perception, but unfortunately employees' perception as far as management's communication effectiveness is concerned is not so good. Having said that, employees replied that 'good listening and openness to new ideas from supervisors to employees' is very rare. It seems that employees believe that supervisors do not communicate all the important job information to employees at all times, thus misunderstandings, mistakes, accidents and so on often occur and lead to increased overall dissatisfaction by both employees and customers.

Also managers, during their interviews, agreed that every year certain frontline employees and managers are trained with regards to handling complaints, however hotel managers and HR directors agreed that Cypriots and especially managers by nature are not good listeners. They said that Cypriots normally (a) want to defend themselves (b) lack new or even basic knowledge (c) have pride, and do not want to accept that they are wrong and (d) supervisors and generally the management team work too many hours so are tired and they lack the time to listen to customers or even be good listeners. In that respect effective replies, follow-up and action taken are not achieved, therefore negatively impacting on customer satisfaction.

For certain, frontline employees should speak both Greek and English language with Russian as the third language. Employees also agree that all three languages mentioned above are needed for effective communication between the

hotel and its customers. This is very important for the Cyprus tourist operation; however hoteliers have to be careful about the number of different employee nationalities that coexist in hotels. Most of the five-star hotels have between 10 and 25 different employee nationalities in-house. In my opinion as an insider, this increases the chance for communication faults, not only between employees and departments but also between employees and customers, since most foreign employees do not speak fluent English.

I was pleased to hear that nearly all hotel managers either personally handle written complaints or monitor the whole process for effective and efficient results to customers. They also either reply to customer comments personally on Trip Advisor or they carefully monitor the hotel's reply. What seemed not to work successfully are the (a) future measures undertaken by the hotel in order to lessen future similar complaints or to diminish them and (b) effectively matching complaints with future training programmes.

Unfortunately some hotels do not have a Customer Relations department because they either believe that it is no longer necessary or because of reduced personnel budgets. In my opinion this is wrong, because the first person a customer meets when it comes to customer's needs, comments and assistance is the GR department. In that respect, the benefits of having a GR department are greater than not having one.

It was to my surprise to find from hotel manager interviews that some hotels do not offer the so-called 'management cocktail' session. They find it unnecessary or unimportant! I personally disagree with its discontinuation, because the event gathers all staff together to introduce themselves, mingle and of course it gives them an important chance to meet new customers, and sort out possible customer concerns. On the other hand I was pleased to hear from one hotel manager that

not only does the hotel offer the 'cocktail' party to customers once a week but they have also changed its name to 'customers' cocktail' to stress to customers that this is a personal tribute to them during their stay. From my personal experience a great variety of customers look forward to this event, provided it is prepared in the right way, all important HODs are present and it is held at the right time.

(d) Employee perceptions – Importance vs. Existence

As mentioned earlier on in Table 5.1 there are many high frequency discrepancies between the views of hotel employees as regards critical HRM and SQ issues, with respect to (a) existence and (b) importance in their hotel working environment (specific variances, similarities and differences) between the two hotels mentioned. The following discrepancies deploy the emergence of significant differences between existence and importance of various quantitative research questions raised in the employee questionnaires. It shows the extensive difference in employees' various matters and perception vs. existence in real life in their working environment. Some of the most important discrepancies are:

- Employee morale and employee empowerment;
- Importance of academic qualifications' during your employment process
- Working satisfaction, job empowerment, morale
- Frequency of training programmes
- Evaluation of training programmes by employees as regards need and importance
- Training towards SQ Assurance
- Significance of development tools: knowledge, career, reward, pay raise, job security

- Need and importance of training techniques: on-the-job, in-house, external
- Training programmes attended in 2012
- Fairness of the annual PA Process
- Employee involvement in the 'PA Process'
- Communication between management and employees
- Clear working responsibilities between management and your department
- Good listening and openness to new ideas by supervisors to employees
- Clarity of information between management and employees
- Frequent employee pay rise
- Employee pay rise according to criteria achieved
- College and university effective internship programmes
- All employees have a good knowledge of their job
- Your employment satisfaction in this hotel.

5.2.3.2 *Customer questionnaire's research findings*

I will focus now on the lower side of the fishbone issue areas, which customers are involved in, stressing the customer quantitative research findings.

(a) Parasuraman's five service dimensions need

SQ essentials are most important as far as customer satisfaction and loyalty are concerned. According to customers, Parasuraman's five service dimensions are fundamental towards customer's value for money.

Almost 25% of customers of both hotels who filled in the customer questionnaire (50 customers of almost 200 customers) mentioned that they stay in the hotel (either Hotel 1 or the Hotel 2) once a year. They all support Parasuraman's five service dimensions; however, 80% of those customers strongly agree that SQ is declining in their hotel. Almost 75% of the above customers strongly disagree that 'There is an increased positive word-of-mouth'. It seems to be a concern and a major issue because we are talking about a high percentage of customers who support the above perception and of course should not be ignored.

In order for SQ to be efficient and contribute to employee and customer satisfaction, as well as customer and employee loyalty (a) management should be aware of their customers' clear quality perception and (b) there should be a clear and effective customer complaints handling process.

(b) Tangible and intangible services

Customers mentioned in questionnaires that in order for a hotel to be in good repair (a) balconies and rooms should be in good repair (b) lighting should be in good condition, and (c) the hotel's safety and evacuation rules should be clear and visible. It seems that customers pay much attention to the SQ experienced especially on intangible services, but tangible services are as important for customer satisfaction and loyalty. It is apparent that when it comes to tangible services that not only are building conditions important but the hotel's safety and evacuation rules, which should always be clear and visible.

(c) Personalised service and suggestive selling

Over 90% of customers mentioned that in order for employees to be cordial, attentive and helpful, they should go into more detail and provide a more personalised service, such as addressing customers with their name. Nearly everyone mentioned that employees should provide more efficient customer acknowledgment, such as ascertaining the customer's name rather than addressing them as either Sir or Madam.

Customers mentioned that in order for waiting employees to demonstrate excellent 'suggestive selling' techniques, (a) waiting employees must be well aware of all menus and wine options and (b) employees should not only be attentive but also work as a team. They also mentioned that for employees to demonstrate efficient 'suggestive selling' they should be approachable and attentive to their needs. It was generally mentioned that in order for customers to experience excellent SQ, which will contribute to customer's satisfaction and loyalty, 'suggestive selling' is obligatory.

(d) Attention to detail

For the spa and gym employees of both hotels to be attentive and approachable to customer needs (a) spa and gym employees should smile and exhibit a friendly manner and (b) spa and gym employees should be clear in their diction and helpful. A smile seems to be an essential element towards SQ and therefore customer satisfaction. A smile exhibits friendliness and an element of personalised service that contributes to the enhancement of 'attention to detail'.

5.2.3.3 Employees 'regression analysis' research findings

Certain strong coefficient models were created due to all the aforementioned issues, which will be elaborated below.

Hotel 1:

Effective R&S can only be achieved when hotels methodically invest in T&D, which increases employee's work satisfaction and morale and decreases employee's turnover. Mill (1986) identifies the aim of SQ as being able to ensure a satisfied customer. However, the focus of quality initiatives has been primarily on selection and training of frontline employees (Ziethaml et al., 1990).

Effective R&S process can lead to fewer hotel and departmental communication barriers, which in return will increase the morale and work satisfaction of employees and therefore an SQ increase. A smooth and comfortable transition into the corporation has a number of benefits: maximum productivity will be reached earlier, loyalty and company commitment will be fostered, identifiable communication channels will ease concerns and allow the channelling of energy of performance related tasks (Buonocore, 1987).

Effective T&D contributes to a more efficient communication process and increase in SQ, which will eventually increase employee satisfaction and loyalty. 'T&D programs can promote communication, teamwork, improve staff attitudes and self-awareness', as Conrade, Woods and Ninemeier state (1994: 17).

T&D seems to play a crucial role in the hotel's SQ increase, productivity increase and therefore financial performance increase. Enz and Siguaw (2000: 17) state that 'training has become an increasingly critical area of management for companies to enhance SQ, reduce labour costs, and increase productivity'.

T&D increases communication processes, which will eventually increase employee satisfaction and loyalty. Studies have shown that training programmes increase employee satisfaction, employee morale and employee retention, and decreases turnover and hiring rates (Barros, 2005).

Hotel 2:

According to questionnaire findings, communication can lead to either the hotel's success or failure. The very well-built foundation of effective internal communication skills have in fact led to the organisation's success (Gallo, 2002). Efficient SQ is the optimum goal in a hotel, and lead to success. In order to achieve this, effective on-going communication must be implemented, which will lead to employees' satisfaction and loyalty.

5.2.3.4 Customers 'regression analysis' research findings

Hotel 1:

The inference once more is that Parasuraman's five service dimensions are vital to increase SQ and customer satisfaction. HRM and SQ are closely correlated in terms of achieving financial results in five-star hotels (Parasuraman et al., 1989). Parasuraman et al. (1991) found a positive and significant relationship between customer's perceptions of SQ and their willingness to recommend the company.

In order to increase value for money, plate service in restaurants and buffet, SQ must always be sustained. SQ has become an important research topic because of its perceived relationship to profitability (Buzzell and Gale, 1987), customer satisfaction (Bolton and Drew, 1991), customer retention and positive 'word-of-mouth' (Reichheld and Sasser, 1990). Hurley and Estelami (1998) argued that SQ and satisfaction are distinct constructs, and there is a causal relationship between the two, and that perceptions of SQ affect feelings of satisfaction which, in turn influence future purchase behaviour.

Hotel 2:

To finally establish the best SQ assurance, and therefore increase value for money, small details must be checked, monitored and maintained at all times.

Wyckoff (1992) defines SQ by suggesting that it is the degree of excellence intended that meets customers' requirements.

5.3 Research Findings - Recommendations and Suggestions Summary

After both quantitative and qualitative research deployment, it is evident from all major stakeholders that certain issues have to be tackled. Therefore, credible findings and inference must be quoted and communicated to both hotels, the hotel industry in Cyprus and of course all relevant bodies and other stakeholders. Starting from the end, in order to increase SQ and therefore value for money, HRM importance is considered. Parasuraman's five service dimensions are vital as well as attention to detail in order to enhance SQ in general. Effectiveness of (a) R&S (b) T&D and (c) communication process will contribute to (d) SQ increase, and therefore customer satisfaction. According to previous studies, HRM practices contribute to improving organisational performance including turnover rate (Huselid, 1995), labour productivity (Datta et al., 2003; Huselid, 1995; MacDuffie, 1995); Youndt et al., 1996), return on assets and return on equity (Delery and Doty, 1996), and profit margin (Kalleberg and Moody, 1994). – In the HR literature, many studies have stressed the need to generate employee commitment to quality, to encourage workers to take responsibility for quality, focus on customer satisfaction, create an environment for innovative and creative product/service development and improve hotel's performance (Guest 1987; Sheng and Lin 2004; Hung 2006; Heselid 1995; Beckers and Gerhart 1996; Ghand and Katou 2007)

It is ascertained from both major stakeholders' quantitative research as well as from the general qualitative research that there is correlation between the above three HRM components as well as SQ. HRM is a driving force for SQ increase, and will lead to customer satisfaction. Finally suggestions and recommendations

will be given to both major stakeholders with regard to the: (a) R&S (b) T&D (c) communication process, and (d) SQ.

Quantitative research findings will be correlated with various suggestions mentioned for both hotels below. At the end of each suggesting point, Hotel 1 and Hotel 2 as well as both hotels will be appended in parenthesis to stress the importance and needs, suggesting points for each hotel.

As far as regression analysis findings are concerned, employee's satisfaction can be achieved in Hotel 1 by effective T&D. In that case T&D will contribute to effective R&S, communication process efficiency, and SQ increase.

As far as regression analysis findings are concerned, employee's satisfaction effectiveness can be achieved in Hotel 2 by effective communication. In this case communication will contribute to employee satisfaction and loyalty, SQ increase and attention to detail.

As far as regression analysis findings are concerned, customers' 'value for money' increase can be achieved in Hotel 1 by effective Parasuraman's five service dimensions used as well as efficiency in the waiting service offered.

As far as regression analysis findings are concerned, customer's 'value for money' increase can be achieved in Hotel 2 by SQ increase. Having said that, attention to small details and increased suggestive selling techniques are required.

Please see below for all suggestions and recommendations proposed for both hotels as regards HRM and SQ.

5.3.1 Effective R&S

The majority of interviewees agreed that only 20%-30% of R&S is done correctly in the hotel industry, and only 20%-30% of new employees are well-educated

professionals who are career oriented. I tend to agree with these views, as with most hotels nowadays facing financial difficulties these matters constitute a more effective R&S process.

5.3.1.1 Recruitment channels

All management and employees mentioned that all channels indicated are used, some more and some less. Almost everyone agreed that recommendation from within and 'word-of-mouth' is mainly used. That is due to the culture significance of each hotel. Better usage of the internal noticeboards should be achieved outside the HR department and in the employees' canteen, as well as within each department. All new available positions should be mentioned there at all times, and all updates should be monitored either by the HR department or outside the HR department, in the employees' canteen or from the HODs in each department. They trust their employees and since their existing employees have adapted with the hotel's culture, the people they would recommend would fit the hotel's culture.

(Hotel 1)

5.3.1.2 Internship programmes

Some hotels have collaborations with between five and fifteen different universities and colleges. I personally agree with internship programmes, however they should be carefully scheduled according to needs, periods and so on. In my opinion, to collaborate with more than five or six colleges is risky in terms of SQ. Having said that, internships in Cyprus are not carefully operated. There are reports that the hospitality internship sector has a particularly poor image in the eyes of hospitality students, which suggests that the industry may have greater difficulty attracting, recruiting and retaining quality employees (Jenkins, 2001). Unfortunately, according to trade unions, many hotels employ

many students, especially in the summer as a substitute for full-time employees. What they do is offer them a few days' intensive training then full-time employees go on holiday in the middle of summer, and thus their annual leave allocations drops to zero. They then send them on unpaid leave in the winter for six weeks, which is supported by law. If this is the case it is obvious that SQ will decrease, as will employees' morale and employee satisfaction and loyalty. (**Hotel 1**)

The right way to treat internship programmes is by collaboration, communication and proper training. All these can positively work provided that hotels are dealing with the right colleges and internships are taking part at the right time, not in the middle of summer. They should rotate students through various departments and they should get experience from all departments, rather than leaving students in one department for many months, whether restaurant, bar or reception, which means that hoteliers take advantage of students over the summer period when they need more cheap employees. According to trade unions, hoteliers could collaborate with both Erasmus and Leonardo da Vinci programmes, which are both sponsored by the European Union. However, they are rarely used since, by the time hotels go for those collaborations, students should rotate from department to department after a certain period. Especially on-the-job and in-house training programmes should run during the summer period as well, so the interns participate too and increase their knowledge and morale. According to Hotel 1, research showed that PT and seasonal employee satisfaction is low especially due to communication ineffectiveness, insufficient training offered as well as the insufficient training evaluation process offered. (**Hotel 1**)

First of all a representative of the HR department should visit all potential colleges and universities in Cyprus and abroad. Presentations to students should be arranged to familiarise them with the hotel's culture and philosophy, as well as

Cyprus' culture. This should then be followed by interviews with students. All potential candidates should provide a copy of their CV with a current photo attached, so the HR department is familiar with each candidate a few days or weeks after deciding who to choose for the internship programme. With regards to the actual internship programmes there must be two people in charge; one from the university or college and one from the hotel. These two must have frequent telephone conversations and meet at least once over the internship period to discuss interns' progress and various other matters. Of course, certain written documents must be signed such as the contract agreement, progress reports and so on. Also an intern representative should be assigned from each university to meet the HR department once a month to discuss various internship matters. Also, the interns of each department should meet the HR department once a month in the presence of their student representative to discuss various departmental matters. **(Hotel 1 & 2)**

5.3.1.3 Selection procedures use

All agree with the traditional selection process, which is the collection of the application forms and CVs and proceeding with the interview process. Normally there is a screening of the various application forms and CVs according to their need specifications before interviewing. Three interviews are suggested prior to choosing the right candidate, according to the position vacancy. One is done from the HOD regarding hard skills or technical skills. The other is done by the HR department with a focus on soft skills or behavioural skills and then the interviewing of a shortlist, undertaken by the HR director. The hotel manager should be involved with interviews when it comes to supervisory positions and the above. Sometimes managing directors should also be involved in the final interview when it comes to senior management and HOD positions upwards. Interviews should be undertaken carefully. That means that preparing the

interviewing place to make candidates feel comfortable, and so on. Specialised interview questions should be set on templates for use during interviewing. A template has been prepared with '30 things to rate in an interview', **Appendix 16**. The template should be used by both the HOD and HR representative to rate the most important things that should be observed. Some also mentioned that they have a template with specific answers, should the question be avoided by candidates during interviews. I agree with all the above procedures followed, provided that they adhere to their interview process protocol. However, I believe that in order for interviewees to defend themselves and give their best, they must fulfil all the above steps and procedures, so the best candidates will be selected and therefore less training will be needed in the future. This means that morale, satisfaction and loyalty of new employees will be high, and employees' turnover will be reduced provided that development programmes are provided when needed. **(Hotel 1 & 2)**

Employment tests, such as cognitive, ability and psychometric, are rarely used. Personality and ability tests are the main types encountered when it comes to supervisory and management positions. I disagree with the perception of some managers that personality tests and tests generally are not important. Perriatt, Chakrabarty, and Lemay (2007) report that more than 40% of the Fortune 100 companies use personality tests to assess job applications from frontline workers to the CEO and all of the top 100 companies in the UK use personality tests to hire employees. From supervisors onward I support that all the management team at least should pass a psychometric test prior to their selection. There are many psychometric issues that should be clarified prior to their selection, such as 'When you're working or you're focused, and interrupted (a) start a break (b) incredibly upset (c) both the above'. A psychometric test sample has been prepared, **Appendix 17**.

I was surprised that some hoteliers were not familiar with this kind of selection procedure. I believe that more training, education and knowledge must be provided to hotel management nowadays in terms of test use, in order to minimise the risk of selecting the wrong people and therefore save money in compensation cost, training, knowledge, possible customer dissatisfaction and so on. (**Hotel 1 & 2**)

5.3.2 Effective T&D

According to Hotel 1, T&D weakness points are apparent and the main weak points are common to many cases. Less than half five-star hotels in Cyprus have a training manager. Hotel 1 is one and in fact they only have an HR manager to deal with everything with regard to HRM. Personally I believe that, in five-star hotels, the position of a training manager is mandatory. I believe that part of the training manager's job is to increase capabilities, qualifications and SQ techniques of employees. I believe that part of their job is to increase the in-house training programmes carried out by training managers and their subordinates, such as qualified departmental head trainers by CHRA. In fact, those hotels with a training manager mentioned that 60%-70% of training programmes are done by themselves, rather than by external training consultants, therefore a substantial amount of money spent on training returns to the hotel as a subsidy from the CHRA authority of Cyprus. Training starts from induction and orientation. The 'buddy' system is a hugely important part of the induction. If new employees receive inadequate guidance, there is a good chance that they will leave (Hotel Dartmouth). Training is predominant especially from the induction stage. A training academy should be established in each five-star hotel, which will stimulate induction and orientation. In other words, all new seasonal employees will pass a three-day training programme prior to starting work and each will be given an 'Induction and Orientation' manual with all important written documentation,

supplied at the beginning, see **Appendix 18** 'Induction and Orientation Manual Table of Contents' designed for the above purpose. Furthermore, the first day will be dedicated to orientation around the various departments and learning who's who. The second and third day the candidate will explore their department area, mainly back-of-house, not in contact with customers in order to become familiar with their department's way of working. At the end of the third day they will take an exam and they will also receive a report from their HOD to officially qualify to start work at the end of the third day. Furthermore, new candidates will start work with high morale and the maximum of confidence. This three-day programme can be subsidised by the CHRA authority of Cyprus. **(Hotel 1)**

It is agreed by all that training programmes mainly come from industry trends and innovations, as well as from the annual employee PAs. According to research findings in both hotels, employees believe that fairness in PA is low. Employees' involvement in the evaluation process regarding the training programmes, as well as employees' assessment, decided the completion of each training programme is very rare. Employees are major stakeholders especially when training is in place, therefore employees should be treated with more professionalism and should be more involved and committed to training needs for better development results. **(Hotel 1 & 2)**

Training is mandatory as far as the service industry is concerned, provided that is carefully planned and monitored according to employee and operation needs. Training cannot be efficient if not correlated with development at all times. Training is strongly linear with employee turnover. Choi and Dickson (2010) felt that hotels must spend the money and time on training for their employees because it will increase retention. As a matter of fact, according to Hotel 1, they experienced 38% employee turnover in 2012. In a later study, Tracey and Hinkin

(2006) put turnover costs into four categories: pre-departure costs (severance package and human resource functions related to exit paperwork), recruitment (costs associated with advertising and time creating a pool of applicants), selecting (interviewing), orienting and training. The results of their study on hospitality firms was that, on lower complexity jobs, the turnover cost was about \$5,700 and about \$10,000 on higher complexity jobs. A study estimated that replacing a non-management employee costs as much as 30% of the employee's annual salary, whereas replacing a manager incurs almost half the manager's annual salary (Development Dimensions International (2002)). Having said that, replacing 38% non-managerial employees of Hotel's 1 employee turnover in 2012 represents a major turnover cost which in my opinion is not well organised by the hotel. Hotel 1 has over 300 employees; therefore 38% is roughly 120 employees. After discussions with the hotel it was decided that the average annual gross salary of an employee is €15,000, therefore the 30% cost to the company is about €4,500, therefore 120 employees turnover per year costs over half a million euros to the company. According to research findings, one of the major reasons employee morale is low and employee turnover is high in Hotel 1 is due to insufficient T&D programme. **(Hotel 1)**

It seems that not only should on-the-job training programmes occur during summer but in-house training programmes to educate and improve both the academic and technical skills of PT and seasonal employees should occur during the summer as well. Training is involved with development and procedural training, whereas off the job is mainly done for development purposes. Many hotels deal with limited training programmes, fewer training programmes to PT employees, training cost concern, less training that equals poor performance with impact on customer satisfaction and so on (Crawshaw, Rolf and Brodbeck, 2011).

(Hotel 1)

5.3.2.1 *Training techniques 'You either pay for training or for the lack of it'*

Interviewee 2

It seems that off-the-job training programmes are especially off their agenda now, whether in Cyprus or abroad. However, according to Hotel 2, hotels still use this kind of training, especially when it comes to training overseas. The F&B management in particular is sent abroad for training, as well as the hotel's chefs and generally the culinary team. They mentioned that they assign a combination of training abroad, either by going to a training centre or in an actual Michelin or theme restaurant kitchen for training or even benchmarking methods to gain experience, ideas and new methods. I believe that off-the-job and abroad cross-training exposure should be carefully planned as a result of effective PAs. In fact, potential and career oriented employees should be carefully monitored as regards off-the-job training programme development. In that respect, cross-training and benchmarking abroad should not be the privilege of only supervisors and managers. (**Hotel 1**)

What emerges from both the qualitative and quantitative research is that on-the-job training programmes are what most hotels follow nowadays. It is frequently claimed that some hospitality workplaces are better at engendering more on-the-job learning than others. Aston and Sung (2002: 154) stated that: 'by presenting employees with new challenges in the workplace on a day-to-day basis, they encourage continuous problem solving and learning.... compared to the old traditional hospitality organisation where opportunities to learn were minuscule'. They have qualified internal trainers in all departments who are either called buddies, shadows, mentors or even godfathers, responsible for on-going, on-the-job training programmes, mainly with new recruits. This is most important and all hotels should support this. I went a step further by suggesting the '*Top Gear Training Team*' foundation. This team will be all mentors from all departments.

Their job will be to monitor on-the-job training in their department and meet the rest of the training team members monthly with an agenda to discuss all matters, concerns and suggestions regarding on-the-job training programmes, as well as needs and ways of overcoming SQ problems via an annual strategic programme.

(Hotel 1 & 2)

It seems that trade unions have lost ground with regard to employees' rights, the new candidate selection process and so on. It seems that representatives are outdated or less familiar with new trends, methods and techniques hotels use today as far as the operation is concerned. I would suggest the initiation of a 'Trade Union Training Academy'. Having said that, trade union representatives should be assigned every year on a 'one week hotel induction, orientation and on-the-job training programme'. The hotels in each district could be appointed between hotel managers in collaboration with trade unions. The purpose of this programme will be to make representatives more familiar with employees' job descriptions and responsibilities in order to be more credible and realistic with their decisions and actions. The 'one week programme' will be prepared by HR directors and trade unions passing from each hotel department to obtain operational experience from the hotel. All written documentation and manuals will also be supplied in order to have greater understanding of the department's procedures and regulations. ***(Hotel 1 & 2)***

I suggest that all new employees should be entitled to the 'first month of work performance evaluation'. This is important because a large number of employee departures are a result of the first month of employment. This is due to the lack of proper monitoring and control and therefore lack of proper and on-going communication. This form will be helpful in terms of supplying all new candidates with in-house information regarding their progress, which in return will enable

them to increase their capabilities and qualities, and will assist them towards more efficient work permanency after the sixth month of their probation period. Areas they cover as far as their performance is concerned will be initiative, job performance, willingness, punctuality, personal appearance and so on. A 'first month of work performance evaluation' form has been designed for all hotels to use, **Appendix 19. (Hotel 1)**

Web training and Technology Based Learning (TBL) should be more often used in hotels. Web training is specific for assigned groups, such as accounting employees, connected with a specialist trainer abroad in order to be trained on specific systems, programmes and techniques in their field. TBL is another system, which is 'training from your personal computer at home'. Authorised access to the hotel's training programme at home enables staff in their own leisure time to increase specific and generic knowledge. I agree with the idea of finding out innovative and exclusive or custom-made training techniques that enhance employees' interest and knowledge. **(Hotel 1)**

Certified programmes should be assigned and available more often either for authorised departmental trainers or HODs. Procedural training certifications should also be authorised such as Health and Safety. Certified Hotel Administration programmes should more often be provided as well. Dale Carnegie training programmes should also more often be provided by five-star hotels. All employees should successfully complete Training Certification to ensure they understand how to perform to their hotel's standards according to their position. For instance, the CHRA in Cyprus offers to most hotel department positions 'Professional Qualification Standards' certification so that each employee is qualified and certified by the CHRA authority of Cyprus for their role, and approved and acknowledged by the European Union as well. CHRA authority

must have more common meetings with the HRM of each department and explain more about the benefits of the above certifications. **(Hotel 1)**

Every year the CHRA authority prepares a draft training programme for the next year that comes from various research programmes, on-going collaboration and communication from various social partners. I suggest that all hotels in Cyprus should organise a single levy in collaboration with all hotels on the island, thus all hotels should be obliged to give their feedback with regards to their own training needs for next year. That would assist the CHRA authority to be more efficient with regards to new training need programmes assigned for each year. **(Hotel 1 & 2)**

5.3.2.2 *Development techniques*

Everyone agreed that all four techniques are important to use and customise according to each individual case. According to Kramer et al. (2010), employees increase their effort and commitment to the attainment of organisational goals because they wish to gain access to valuable career development opportunities that are on offer. According to research findings, training effectiveness is correlated with effective development techniques assigned. Using individual performance as the main criterion to determine the level of compensation increases the instrumentality of high performance in obtaining a reward (expectancy theory); it also becomes an objective and challenging goal that motivates employees (goal-setting theory), (Chang, 2011). Also good working knowledge is correlated with effective development use. Most rated them and put them in order according to importance. First were knowledge, then career, then bonus and lastly pay raise. A couple more were added such as friendly working environment and security assurance at work. Managers believe that the all the

above are very important and needed, however very little is done about it. (**Hotel 1 & 2**)

The following incentives are incorporated to offer incentives and acknowledgement to all employees. These incentives are an 'Employee of the Month' and ad hoc acknowledgment methods. For instance, if an employee assists a customer or even saves a customer from drowning on the beach or pool, the employee receives an award or bonus, and of course the hotel's acknowledgment. A problem with some hotels nowadays is that they do not follow a shorter PA method on a monthly period to reward the best employee of the month, but only use the Hotel Questionnaire as a tool. This is wrong since customers mention only front-of-house employees whereas back-of-house employees have no contact with customers. (**Hotel 1 & 2**)

All hotels should assign a point system incentive scheme for all employees. Employees should be entitled to points according to their contribution to new ideas; taking initiative and so on, which they can exchange for a free restaurant meal, a spa massage package, free accommodation, and so on. More specifically I would suggest the 'Opportunities for Improvement' (OFI) system. This gives emphasis to employee incentives and a freer and more effective communication process. Employees are entitled to mention or suggest anything that could assist or benefit the hotel with regard to health and safety and security, SQ increases, economy and energy saving matters, customer concerns and so on. Employees can suggest anything they wish to the general manager of the hotel in writing. The general manager in return must reply to the employee within 24 hours. Their reply will indicate either that it is (a) done (b) will be considered (c) rejected with an explanation. The fruitful points made by the employee will be raised on the internal noticeboards both outside the HR department and the employees'

canteen for employees to read. Employees who contribute will be entitled to the above points system. **(Hotel 1 & 2)**

5.3.2.3 Performance appraisal: 'Teach, not to punish' Interviewee 2

Everyone agreed that an effective official employee PA should be undertaken once a year, by the end of the year. Unofficial PAs should take place daily, during meetings, departmental briefings, via notice boards, e-mails and so on. I agree with both perceptions; however, I believe that some of the HR directors and hotel managers work in theory rather than practice. According to research findings, both hotels' employees believe that 'Fairness in PA' is low. It is said that the HODs face difficulties in understanding the exact meaning, the goal and purpose of official PAs. It was also said that there are some HODs that are not good communicators: how are they supposed to have an effective PA programme with their employees when they do not have good day-to-day communication effectiveness? In my opinion HODs should first be trained on the actual goals of PAs and on communication process methods to tackle daily issues efficiently and communicate them well with their employees. They should be able to follow up the actual communication concerns with their employees after briefings and meetings. They should also be good leaders, not just good managers, in order to be respected, generate enthusiasm, coach and give credit to their employees at all times. Employees should also be able to provide 360 feedback – confidentially appraise their supervisors to come up with ways to improve managers and supervisors from the employee point of view and perception. Another example of an appraisal scheme suggested is for HODs to appraise each other confidentially. In my opinion all these ways of PAs should be positively viewed to increase productivity and SQ. I believe, for many reasons, hotel managers along with their HR directors should clarify their missions, goals, cultures and philosophies in order to be able to tackle communication weaknesses and gaps between

management and employees. This will lead to an increase in productivity and SQ. An 'Employee Performance Evaluation Form' has been designed for the HR department's consideration, **Appendix 20. (Hotel 1 & 2)**

5.3.3 Effective Communication Process

Effective communication process and good listening between management and employees should be clear and on-going since communication, as mentioned earlier, is fundamental in the satisfaction and loyalty of employees. According to Hotel 2's research findings, communication process between management and employees is low. As far as cross-tabulation findings are concerned, both hotels' effective communication is achieved via the Greek and English language used between employees. Communication is needed to increase efficiency, satisfy customers, improve quality and create innovative products (Mount and Back, 1999). In the absence of internal communication, it may wipe out support and loyalty among employees (Hashim, 2002). The following internal communication process suggestions will be a driving force for productive communication between management and employees. **(Hotel 1 & 2)**

5.3.3.1 Internal communication processes between management and employees

The traditional suggestion box that most hotels have either outside the employees' canteen or outside the HR department is most important if used correctly. It must be part of the OFI points incentive scheme, as mentioned earlier, to enhance employee enthusiasm towards caring about and increasing hotel productivity. On the other hand, the suggestion box cannot be successful if an effective T&D programme is not achieved in the hotel. As mentioned earlier,

everything is down to the management and director's culture and philosophy.

(Hotel 1 & 2)

Weekly management meetings with minutes and agendas as well as employee meetings with management should occasionally be held. Also I suggest a monthly meeting between the general manager and all assigned departmental representatives, with a person from each department. The duty of the employee department representative will be to gather all issues, points, suggestions and comments and raise them at the monthly meeting with the general manager. In my opinion this is important since it increases the employee, management respect and communication process. ***(Hotel 1 & 2)***

Hotel 2 mentioned that they have large TV screens in their employees' canteen to inform employees daily about events in-house, VIP persons in the building, scanned hotel questionnaire comments, activities, special information, customers' weddings, birthdays and anniversaries as well as employee birthday wishes. I consider the above idea very effective, innovative and important; however I suggest taking it a step further. I also suggest the installation of small TV screens in each department to inform and update employees about these daily events.

(Hotel 1 & 2)

Hotel managers should see four to five employees per day for a five-minute casual meeting to communicate with them, exchange thoughts, ideas and concerns, which I definitely support and recommend. ***(Hotel 1)***

5.3.3.2 Internal communication processes between management and customers

The GR department of Hotel 2 is entitled to see five to ten customers per day for a coffee, drink, lunch or dinner in order to receive feedback from customers about their stay. I find the above idea most important, therefore I support it and I would suggest all five-star hotels implement this. ***(Hotel 1)***

Almost all hotels have a 'management cocktail' event once a week to mingle with customers and share ideas, concerns, impressions, suggestions and comments. I agree with all the aforementioned issues, but due to my personal professional expertise along with the general idea I articulated regarding communication process in hotels, it shows that there are bottlenecks in the effectiveness of the above, since (a) Not all front and back-of-house HODs participate in those meetings: normally the front-of-house managers participate, such as F&B management as well as front office, H/K and spa management. First of all I would like to comment that the name is definitely wrong since it is a cocktail for customers, and should be known as a 'customers' cocktail'. All front and back-of-house managers must participate over weekly, for half an hour, should be there on time and they should leave last, not a few minutes before because they are in a hurry to go back to their departments and prepare the restaurant for the evening. Another comment is that all HODs should take advantage of that half an hour gathering to mingle with as many customers as possible and share experiences and information for more effective customer satisfaction and positive 'word-of-mouth'. As many Russian-speaking managers as possible should attend those meetings in order to communicate with Russian customers more effectively, since Russian customers are generally not familiar with the English language.

(Hotel 1 & 2)

5.3.3.3 Customer culture, background and mentality importance

All agree (employees, management, customers) that all three factors are very important and most of them mentioned that the most important out of these three is the customer's mentality, since a customer's background and culture are easier to find out, understand and work on in order to achieve better and more effective communication channels. Watson and D'Ammunzio-Green (1996), along with Haynes and Fryer (2000), found that effective communication practices are also

essential to develop a culture of SQ in the hotel industry. Since most of the hotels have very experienced frontline employees, it is easier to get to know a customer's culture and background for two reasons. The first reason is that mainly five-star hotels in Cyprus have British, French, German, Russian, and of course Greek and Cypriot customers. Therefore, it is easier for them to deal these nationalities since they not only know how to handle them through experience over the years, but by virtue of the fact that most of the frontline employees come from these countries. The second reason is that a great number of frontline employees stay with each hotel for years and they know various nationalities well, as all five-star hotels have a great deal of repeat custom, therefore it is easier to treat each individual accordingly. (*Hotel 1*)

5.3.3.4 Language barrier

The majority of employees, management, customers agreed that the most important communication barrier in a hotel is language. They all mentioned that in all frontline positions they have foreign speaking employees and they have between 10 and 25 different nationalities for this reason; to be able to communicate with different customers' nationalities promptly and efficiently. The markets with future great hotel business potential are mainly the Russians and lately the Chinese, and this is why hotels should start hiring Chinese-speaking employees as well. Another thing they admitted is that, apart from the language barrier, body language is very important, especially a smile. Even during telephone conversations a smile and a positive attitude are apparent. There are instances when language communication was not totally effective, but due to the body language portrayed, for instance a smile, eye contact or willingness, the communication process was efficient. According to the Ritz-Carlton basics, one point says 'Smile. We are on stage'. Always maintain positive eye contact. Use the proper vocabulary with our customers. Use words like: 'Good morning',

'certainly,' 'I'll be happy to,' and 'my pleasure'. Definitely, the body language effectiveness increases communication and customer satisfaction and SQ. I liked some hotel management's culture and the philosophy that all front office employees must speak Greek, English and then Russian. It gave me the impression that everyone must be greeted and welcomed in the hotel in the Greek language, no matter if they were or were not Greek. Also, some hotels in collaboration with the CHRA authority of Cyprus assign Greek, English and Russian incentive language training programmes to all frontline employees so that they are able to communicate effectively with the majority of their customers from these three countries. The only point that I wanted to stress is that sometimes, due to limited time or due to initial salary issues, they employ wrong people or those that are not so qualified in languages, especially in frontline positions. This definitely has an overall negative effect on communication effectiveness between hotel and customers. **(Hotel 1 & 2)**

5.3.3.5 Importance of communication types

They all agreed that oral and face-to-face are the most important types, since they are more interpersonal. Oral and face-to-face is also direct and more official. Person-to-person interactions between customers and employees are an essential element in the marketing of services and building of loyalty (Crosby, 1984; Zeithaml et al., 1993). Written is not as direct as oral, however it can be used for any kind of written documentation, employees' written warnings, manuals and protocols. Memos and e-mails are also important, but not so personal. They can be used to inform employees about something, for example, such as a forthcoming meeting or event. I would suggest that in order to have a more personal and interpersonal employee management communication process, they should set one day of the week as a day when no internal e-mails are sent. The reason is to pass the message to everyone that we can use alternative ways of

communicating messages to either employees or management instead of e-mails.

This is a way to bring people and departments together, since they could meet each other for a few minutes and share information over a coffee with real and not virtual contact. **(Hotel 1 & 2)**

5.3.3.6 Good listening

Listening is increasingly linked to service excellence, vendor partnerships, and other hospitality relationships (Lewis, 2000; Steil and Brommelje, 2004). Giving 'voice' to service workers has been recognised as a key leadership task; effective listening helps to set the stage for full employee participation and empowerment (Conger and Kanungo, 1988). According to research, employees in both hotels believe that good listening between management and employees is low. As far as research findings are concerned again, it emerged from Hotel 2 that good listening is correlated with employee morale. It seems that both hotels need to work on good listening, and it seems to be more common in Hotel 2. In my opinion, training should be given to all relevant people so they understand how to be good listeners and good communicators, contributing to the hotel's success. Training is also important with regard to time management. Effective listening by the right people at all times is a great tool for increasing customer satisfaction and leads to increased hotel business. **(Hotel 1 & 2)**

5.3.4 Service quality increase

The domination of the service sector today is confirmed by the fact that 70% of the world GDP is realised in the service sector. The same sector sees the concentration of 70% of workforce (Grzinic, 2007). The majority of the management and employees from both hotels agreed that HR, employee and customer satisfaction and SQ are correlated. SQ has a significant impact on

customer satisfaction and customer loyalty (Eskildsen et al., 2004). Fornell (1992) noted that high quality leads to high levels of customer satisfaction. High SQ will eventually win over customers and help an organisation achieve its business goals. Hurley and Estelami (1998) argued that SQ and satisfaction are distinct constructs, and there is a causal relationship between the two, and that perceptions of SQ affect feelings of satisfaction, which in turn influence future purchase behaviour. Service organisations can build their competitive advantage by providing exceptional customer service. To achieve this, every service organisation must have an empowered workforce (Tschohl, 1998). Qualitative and quantitative research findings are that SQ 'is the no. 1 issue as far as human capital is concerned'. That is why some HR directors are also quality development directors. Customers, on the other hand, said that without SQ no customer satisfaction can be achieved. According to research findings, customers in Hotel 1 believe that SQ is declining and therefore 'word-of-mouth' is also declining. According to research findings again, in order for SQ to increase, customers believe that (a) attention to detail (b) suggestive selling must be increased. It seems that both hotels face difficulties with SQ assurance. **(Hotel 1 & 2)**

5.3.4.1 Parasuraman's five service dimensions

Interviewee 5 mentioned that 'a cake without water flour and sugar is not a cake. SQ is not SQ without the five service dimensions'.

Parasuraman et al. (1991) found a positive and significant relationship between customers' perceptions of SQ and their willingness to recommend the company. According to customers, five service dimensions are very important in order to increase their satisfaction, loyalty, and increased value for money. All employees,

management and customers mentioned that the least important SQ dimension is 'tangible'. They all also mentioned that, no matter whether the building is new or even renovated, it cannot work without SQ and quality employees. The central idea from all these generally speaking is to respond to customer needs and even anticipate customer needs and fulfil them. They also mentioned that customers revisit us because of all the above service dimensions. According to Regression Analysis in Hotel 1, customers believe that Parasuraman's five service dimensions are very important in order to increase (a) customer satisfaction and loyalty, and (b) value for money. It is of a paramount importance to acknowledge customers and concentrate on customer needs, and to increase personalised service. Management mentioned that customers revisit us because of all the above service dimensions. Most customers rated empathy and reliability as the most important SQ dimensions. In other words, personalised service and attention to detail are the most important components as regards customer satisfaction and loyalty. Acknowledgement, responsiveness and personalised service contribute towards the customer's SQ assurance. One of Ritz-Carlton 'basics' is 'to escort customers rather than pointing out directions to another area of the hotel'. This is very important and I very much agree with it. I suggest that in order to increase empathy and attention to detail, personalised service is required. See below for some personalised service and responsiveness attributes that could constitute to customer satisfaction and loyalty enhancement:

- For instance, when there is a seminar or conference in house, instead of just placing a note in the lobby pointing out the name of the seminar or banqueting room, assign either the G/R, the duty manager or someone from the concierge, porter or reception to escort the customers to the room and to talk, informing customers on the way to the room. This is attention to

detail and what customers would expect when it comes to personalised service, which will contribute towards customer satisfaction and loyalty.

- The same applies when a customer is asking for public places such as the restaurant, bar, boutique or hairdressing salon; assign the porter or someone else to escort them there.
- Also, when customers require assistance with amenities in their room, such as hair dryer, air conditioning or TV remote control use, send someone from reception or the porter to assist customers personally at all times.
- When a customer requires an outlet or room extension, make sure that you maintain connection with them so that they know who they are talking with on the telephone. The same applies when customers require information about a place outside the hotel. Take the initiative to find out not only the number but to connect them and tell them who they have been speaking to.

(Hotel 1)

5.3.4.2 Customer complaint

A complaint is a gift; a complaint is a red alert. (Interviewees 1, 2 and 5)

For every complaint received, twenty other customers feel the same way but do not bother to complain. The cost of acquiring a new customer is four times as great as the cost of keeping a satisfied customer (Alan Dutka, 1995). According to research findings in Hotel 1, SQ is correlated with handling complaints efficiency. The main problem is that in most hotels there is no specific protocol as to who deals with complaints and concerns. It seems that customer complaints and concerns are dealt with either by the GR department, the duty manager, HOD or even the HR department. In my opinion customer complaints should be dealt with

by the GR during the morning and after 18.00hrs by the duty manager. A problem that most of the hotels face is that the duty manager is normally a HOD, which means that the restaurant manager ends up dealing with the outlet rather than going around checking the operation, the evening service and mingling with customers. Having said that, by the time they are a dedicated duty manager the post holder will be dealing with all hotel operation matters in the evening. Also, all HODs will be released to work on their operation rather than dealing with the hotel's operation in the evening. Imagine if the restaurant manager, who is a duty manager in the evening, has to deal with a customer's complaint and dedicates an hour during the busy, peak hours of his outlet; it would certainly mean that one of the two jobs are not done efficiently. In the morning, all matters could be dealt with by the GR department. The perfect scenario would be to have the GR manager responsible as a morning duty manager, and the dedicated duty manager assigned in the evening should deal only with such matters and nothing else. According to Ritz-Carlton's 'Basics', anyone who receives a customer complaint 'owns' the complaint. I personally agree with this view since it shows professionalism, dedication and commitment. Both the GR department and evening duty managers should 'own' the complaint by the time it comes to them. In that respect they should show detailed dedication, commitment and professionalism, thus all customer issues and concerns are completely resolved at the right time. (*Hotel 1*)

The hotels' customised duty manager's report should:

- Be used and sent electronically to all HODs and management. They are then all automatically informed and follow-up action taken is communicated, again electronically, for everyone to be aware.

- Both the duty manager's report and evening operation matters should be explained to all duty managers. As regards the report, everyone must be clear about what each point means on the report to know which areas to check in the evening, both inside and outside the hotel, such as kitchen fridges, the locking of the outside back door and so on. On the other hand all duty managers must be informed as regards the safety and evacuation process in case of emergency issues. Also, they must be aware of electronic panels, boilers, power cut actions, and lift out of service situations. There should also be awareness of contact numbers to call in case of emergencies. **(Hotel 1)**

There should be a programme analysing various complaints with regards to how often they occur and ways of eliminating common complaints, thus achieving customer satisfaction effectiveness. This job can either be a job of the GR department or the hotel manager's personal assistant. A monthly meeting and even ad hoc meetings should be assigned for complaints ratios, history and results with all relevant HODs, the GR department responsible for the morning duty management and the assigned, dedicated evening duty managers. **(Hotel 1 & 2)**

5.3.4.3 Suggestive selling techniques, attention to detail, increase customers positive 'value for money'

The crucial part of SQ lies in the interactions between the buyers and sellers. Both employees and customers, but especially customers regarding research findings, suggested that upgraded upselling techniques, especially with wines and attention to detail, will make the difference towards increased customer SQ, increased customer satisfaction and loyalty and overall increased positive 'word-of-mouth'.

Specifically, customers in Hotel 1 in the research findings recommended that in order to increase 'value for money'; increased plate and buffet service are required. I would recommend that increased T&D methods are required again in order to enhance employees' abilities, skills and experience towards innovative and enhanced buffet and plate service offered. Proper equipment is also important to be provided as regards trollies used by the waiting employees during service. Also, ergonomic operational methods need to be established from management and HODs especially in the F&B as regards service offered, operation and circulation of customers during buffet service. Customers mentioned that especially set menus during set menu periods should be re-evaluated. Having said that, customers suggested that a greater variety of dishes are offered, hence a focus on the quantity and quality of dishes. A more effective communication process is also required in terms of effectively listening to customer needs, according to period and according to each outlet opening (winter, summer, inside, outside). (*Hotel 1*)

Another thing that needs improvement is 'teamwork'. This philosophy encapsulates the concepts of commitment to excellence including high quality customer service, good workplace relationships, effective interpersonal communication and teamwork, pride in the company and respect for the boss (Bloemer and Odekerken-Schroder, 2006). According to research findings in both hotels, in order for employees to be more effective and approachable to customer needs, employees must be friendly and work as a team. For instance when a customer requires assistance in a restaurant, waiting employees normally refer customers to the station head waiter or waiting employees to assist them, instead of taking the initiative and assisting the needs of customers themselves. For instance, customers might just require the menu from employees and instead of immediately offering one we refer them to another waiter at their station area.

Both employees and management should realise that they are both hotel stakeholders and by increasing SQ, customer satisfaction and loyalty will be increased as will positive value for money. **(Hotel 1 & 2)**

A major customer issue is that they are rarely addressed by their name by hotel employees; instead they are addressed as either Sir or Madam. According to research findings in both hotels, in order for employees to be more attentive and helpful, customers expect employees to ascertain their names more often. Definitely hotel management must find ways to increase employees' awareness as far as customer names are concerned. This is very often especially at reception, restaurants and bars, but mainly with housekeeping employees. Housekeeping employees can find out customers' names most easily, therefore better training and monitoring is definitely required for housekeeping floor supervisors and the executive housekeeper, and also the HR department. **(Hotel 1 & 2)**

Increased wine upselling techniques and overall enhanced wine suggestive selling increase is also required. According to research findings in both Hotel 1 and Hotel 2, in order for SQ to be increased, suggestive selling must be increased. According to customers' comments employees must be more informative and educated when it comes to selling wines. Training is divided into administration and operation. With regards to administration, more efficient regional wines education is needed as well as awareness of different country wines, such as traditional French and Italian wines as well as New World wines. With regards to operation, now education on its own is not enough if no real life testing is concerned. Another thing that hoteliers and especially F&B managers must keep in mind is that their personal taste of wines is not enough. If they promote and sell only their personal likes and preferences (either local or

international wines, or even both), again we come back to communication and good listening. We must listen to both our employees who mingle everyday with customers, but especially our customers to find out according to nationality which they like more. Specific and detailed training must be arranged from all major wine suppliers of the hotel in collaboration with the hotel's sommeliers to all frontline waiting employees. That will help to increase employees' wine suggestive selling techniques to service customers as well as possible. Also the F&B team must understand that promotional material from wine suppliers and sponsorships is important but not the most important. The key aspect is to fulfil customers' wine expectations, and to include in our wine cellars all preferred wines from different countries that customers might request. (*Hotel 1 & 2*)

5.3.5 Hotel 1 and Hotel 2 general findings

It was a common agreement that HRM is a driving force for SQ leading to customer satisfaction. Research findings for employees showed for Hotel 1 that T&D is facing difficulties towards communication efficiency and SQ increase. Regarding Hotel 2 findings, communication is a cornerstone between management and employees towards SQ increase and attention to detail. With regards to customers, on the other hand, Parasuraman's five service dimensions must be increased to boost customer satisfaction and loyalty as well as 'value for money' in Hotel 1. As far as Hotel 2 SQ goes, attention to detail as well as suggestive selling increase, are required.

An extensive quantitative as well as qualitative research analysis was accomplished with an extensive portfolio of suggestions for the benefit of both hotels was assigned in order to assist them to increase HRM and SQ for customer satisfaction. The last chapter covers a general discussion and self-reflections.

Chapter 6: General Discussion, Conclusions and Recommendations

The purpose of this chapter is to summarise the research activity conducted. It is divided into two sections to facilitate a clear and orderly presentation of the materials. The first presents a general discussion and likely future developments surrounding HRM and SQ in five-star hotels in Cyprus, in relation to the primary findings of the conducted research study. Section 2 concludes by providing specific recommendations for further research and ideas for possible HRM and SQ related studies that aim to build upon, enhance, verify, or challenge the primary findings of the conducted research study.

6.1 General Discussion and Likely Future Developments

Before concluding this research activity, it is essential to have a general discussion on the findings and provide specific recommendation to all stakeholders as to how HRM and SQ in five-star hotels can be improved. The conducted research activity investigated specific issues of HRM and SQ and defines whether the conducted research constitutes a genuine and efficient experience to major stakeholders, employees and management in five-star hotels. The optimum conclusion in all problem-solving processes is to understand the situation, and be sensitive to the others' perceptions and how these perceptions have been formed. Therefore, the conducted research investigated issues surrounding HRM and SQ in five-star hotels in Cyprus from three different perspectives; those of the hotel management, hotel employees and customers in five-star hotels in Cyprus. The perceptions of the primary stakeholders were investigated, with the use of both qualitative and quantitative research

methodologies, thus providing a comprehensive view of the issues surrounding HRM and SQ in five-star hotels in Cyprus.

Before commencing the general discussion, it is imperative to describe the Cyprus hospitality industry status. Cyprus hospitality industry is a combination of two philosophies (a) the traditional hospitality management philosophy, which emphasises technical skills and (b) the modern hospitality management philosophy that focuses on human skills and the importance of employees in the service delivery process. The industry's characteristics are of seasonal variations in demand, labour shortages in specific hospitality areas, and the local mentality of resisting change. All of these are in contradistinction with the financial crisis Cyprus is undergoing in the past few years and especially at present, creating a unique environment that prevents the full application of generic hospitality theories and practices. Consequently, effective HRM and SQ in five-star hotels conducted in other countries cannot be fully adapted and utilised in Cyprus.

Due to all the financial restrictions Cyprus is facing nowadays and provided that Cyprus' central bank is under the guidance and regulation of the European central bank, further funding restrictions will increase, and therefore further and extended bottlenecks will remain unsolved. Today there are severe restrictions in all industries and organisations in Cyprus as regards cash flow and liquidity, which cause monthly payroll delays, collaborators' and suppliers' payment delays and further salary cuts, redundancies and dismissals, as a result of decreasing SQ. The biggest challenge Cyprus is facing today, in my opinion, is the financial uncertainty, which limits development opportunities and improvement.

My role as a researcher and a hotelier, along with all other hotelier colleagues is to develop a summary of recommendations and suggestions for effective HRM towards SQ, so customer satisfaction increases. Going back to the previous

perception reference, it is critical that effective communication and understanding of all major stakeholders, such as employees, management and customers, is effectively maintained and sustained at all times.

Furthermore, if a settlement is reached with regards to the Cyprus problem, obviously hundreds of Turkish Cypriots will seek employment in hospitality establishments and therefore existing unemployment will be raised. We should not forget that unemployment levels according to the Cyprus Statistical Authority's updated figures in July 2013 were 21% up during the first six months of 2013 compared to the same period in the previous year.

It is time for hospitality operations to move away from their short-term economic objectives and commit themselves towards a more employee-centred approach. Such a shift in mentality will benefit HRM and further SQ immensely. On a number of occasions, employees and hotel managers argued that short-term financial benefits are the industry's primary goal, especially with all the financial difficulties and restrictions Cyprus is facing. The industry's failure to see the long-term financial benefits through HRM use, reduces commitment to SQ enhancement.

An ideal HRM and SQ assurance ensures customer satisfaction increases, which will lead to customers' increased 'value for money'. The development of the above competences heavily depends upon management and employees' efficient communication towards increased SQ and general customer's needs.

Since the hospitality and service industry is one of the major industries in Cyprus, especially with all financial difficulties Cyprus is suffering, in order to increase HRM effectiveness and SQ enrichment for enhanced customer satisfaction further and more constant incentive development hotel industry schemes must be employed. In that respect, SQ boosting will be established via effective HRM deployment in order to increase customer satisfaction. Such incentive

development schemes can be (a) full or part subsidy of new hospitality graduates in order to embed more efficiently in the hospitality industry (b) part and constant subsidy of hospitality industry unemployed workers in order to support the industry in the current situation of liquidity and cash flow problems. Also operational and energy costs should be cut or reduced by government such as (a) municipality taxes and (b) electricity, water, fuel and gas. All these kinds of measurements will contribute to cost reductions and boost development via HRM and SQ effectiveness.

Hoteliers must strive for a clear and transparent philosophy and culture. By the time hotels are set in specific culture it means that they know exactly who they are and what they want. For instance, they have to clarify if they are either quality oriented or just cost sensitive oriented hotels. Is their culture synonymous to human capital cultivation and development, or something else? Are they short-term or long-term investors? Do they invest both in tangible and intangible or not? How often they set plans such as the above investment plan? By doing so, there is no ambiguity as regards existing employees' philosophies and cultures and therefore they work for SQ sustainability and improvement. SQ increase must be the optimum goal of five-star hotels in Cyprus. According to the Cyprus Statistical Authority update in July 2013, the Russian market is one of the three highest spending tourist markets in Cyprus. Their daily spending power between January and June 2013 was €55.10 per day compared to the UK market, with €36.90. The Russian market increased its tourist arrivals share in 2012 compared to 2011, rising to almost 30%. In that respect an SQ increase is predominant and therefore sustainable and effective HRM is essential.

Hoteliers must understand the importance of human capital and its role. They have to embed this in their philosophy and culture. They must understand that all

three HR components investigated in this research are interrelated and reflected. They must clarify first of all to themselves and then to the rest of the employees that R&S cannot be successful if specific T&D methods are used and vice versa. The communication process is ongoing in all areas, all the time. R&S as well as T&D cannot be achieved without effective and on-going communication. SQ cannot be achieved if we are not good listeners. All these are essential parts of the hotel's concrete philosophy and culture, and no effective returns will be achieved if effective and planned investment is precluded.

Training should not be included only for employees but for management. Over the last few years assigned training programmes for management are limited and not targeted according to need. In other words, management training should be increased in the areas of SQ and communication process to increase individuals' listening skills. Increasing listening skills without understanding SQ importance cannot effectively work upon employee and customer satisfaction and loyalty.

Training is predominant especially from the early induction stage. Each employee should be given an 'Induction & Orientation Manual' with all important written documentation employees should be supplied with from the beginning. A two to three-day induction and orientation programme should be assigned for all new recruitments to make them more familiar and feel more comfortable with their new working environment. That will boost their morale and there'll be more effective communication between supervisors and employees as well as between employees and customers.

All types of training methods should be implemented such as on-the-job, in-house and off-the-job training, both in winter and summer for all employees, permanent, PT, seasonal and internship programme students. Each type of training is important, ranging from operational issues to development training achievements.

Communication should be clear, on-going and at all levels. A clear understanding and communication should be included between not only management and employees as already mentioned but within management. Having said that, effective communication towards philosophy, culture and goals should be established between management and especially between the general manager as the ambassador of the founders, owners of the hotel and the HR quality director, sales and marketing director, financial controller and F&B director. Provided that communication between management is clear, it can then be transformed and communicated to employees. By the time communication is effective and accepted, employees and customers will be more satisfied and loyal to the hotel.

Due to increased unemployment, as discussed earlier, a rising competitive advantage is the increased demand for a position in hotels and a limited supply. Because of that, provided that culture and philosophy is there and proper R&S process undergone, better and more suitable selections can be achieved. On the other hand, even if stars are employed, if no proper T&D and communication process is achieved, employee and customer dissatisfaction levels will increase with a domino effect on SQ.

All types of development incentives towards employee's satisfaction and loyalty should exist, even on a small scale. Employees should understand the financial constraints the hotel industry is facing nowadays and therefore should be patient in order for both management and employees to work together for effective customer SQ results and satisfaction.

It is common that new employees are given an evaluation of their performance at the end of their first month of work. This is important because a number of employees' departures are in their first month of employment. This is due to the

lack of proper monitoring and control, and therefore lack of proper and on-going communication process. Annual employee PA is essential for more effective employee–management communication. It will focus on employee’s training needs and increase ways for them to improve themselves, towards more effective SQ and customer satisfaction.

Lack of effective teamwork is achieved due to the lack of proper T&D and further communication effectiveness, which ends up with employees having lower levels of working knowledge and morale. They will not take initiative or be flexible, and will pass matters and issues to other employees or HODs since they either lack the knowledge to handle a customer’s issue or they are not sufficiently motivated to take it further.

Attention to detail is an issue nowadays due to all the above, lack of proper R&S, T&D and the communication process, which results in a lower SQ offer. A major issue for customers is that they are very rarely identified by their name by the hotel’s employees, and are normally addressed as either ‘Sir’ or ‘Madam’. Hotel management must definitely find ways to increase employees’ awareness of customer names.

The future of hospitality HRM and SQ in Cyprus is uncertain at present for many reasons explained in this research and also the unprecedented financial problems Cyprus is facing. Uncertainty due to financial difficulties means there is no time plan as regards the end of this period. Another challenge facing the Cyprus hotel industry is the lack of company culture and the issue of short-term strategic planning.

The conducted research revealed broad discrepancies between management and employees’ perceptions as regards HR issues and SQ assurance. It seems that a major effect of the wide discrepancy between the two is due to communication

barriers, with bad listening and communication between management and employees. Short-term strategic planning reduces the chances of proper R&S, T&D and proper communication.

The majority of hospitality professional bodies such as hoteliers, owners, CTO, CHRA and so on fail to (a) work together as a team and after proper and specific meeting gatherings to come up with future hotel industry solutions to problems (b) adhere to theory rather than practice, in other words the ideas and suggestions are there but they lack implementation, and (c) They follow short-term rather than long-term planning to ensure effective HRM and SQ.

CHRA must encourage close relationships with all hotels, especially five-star hotels, assigning an internal hotel's training representative to communicate with a specific CHRA representative frequently, either directly or indirectly, to discuss training issues, follow ups and future actions towards more effective HRM and SQ in hotels.

Hotels must have more effective collaboration with trade unions in Cyprus, especially the three largest. There should be three employee representatives at each hotel to represent each trade union, meeting each other as well as the hotel management and both the other unions together, to discuss various hospitality issues on a monthly basis. The innovation is mainly that these three dedicated, assigned employees will meet a hotel management representative together, not separately.

Each five-star hotel must consider becoming a member of the scheme 'Investing in People' (IIP). In my opinion IIP gives the chance to determine rationalistic and measurable targets for effective HR development. IIP standards help the organisations, hotels, to improve their performance through achievement of goals set with the HR department. The scheme also increases competitive advantage

by ensuring the conditions for efficient HR levels in areas such as skills, technical aspects, reward, development and evolution. We should bear in mind there is a subsidy of up to 80% through CHRA.

Hotel management and employees must increase their communication skills, especially listening skills. Mainly management must be trained in effective listening and on accepting criticism, even from employees. PA must not only be an employees' issue but management's. All supervisors must understand the importance of PA, as well as when and how it should be undertaken.

Communication effectiveness is also expected in hotels, both internally and externally. Effective communication should be established not only internally between management, employees and customers but externally, between trade unions, competitors, deriving an awareness of new trends and so on.

Commitment by all to reflection and interrelation between R&S, T&D, the communication process and SQ must be understood by all, especially hotel management, to achieve the optimum goal of customer satisfaction.

6.2 Conclusions and Recommendations

The conducted study offers valuable insights concerning the attitudes and motives of the two major stakeholders – the hotels in this research. It identified the strengths and weaknesses of HRM and SQ in five-star hotels in Cyprus and, based on the findings, suggestions and recommendations were formulated. Some long-lasting paradigms and assumptions were rejected while others were confirmed, generating both positive and negative feelings. A number of new findings that emerged will most definitely be embraced by hotel managers, HR and SQ directors. A number of research findings, representative of the status of HRM and SQ in Cyprus five-star hotels, might also provide valuable insights to international HRM and SQ hospitality scholars. Through substantial self-reflection

– a vital component of the conducted work-based research activity – I was able to clarify the issues surrounding HRM and SQ in the hospitality industry in Cyprus and provide a summary of recommendations and suggestions in order to stress the importance of HRM towards SQ in five-star hotels in Cyprus.

All research participants agreed that HRM is very important for hotel's SQ sustainability and assurance towards customer satisfaction and increased 'value for money'.

The summary of recommendations and suggestions towards effective HRM and SQ in five-star hotels in Cyprus aims to boost SQ via HRM effectiveness, which will lead to customer satisfaction. It is my personal opinion that the conducted study has measured reliably the phenomena surrounding HRM and SQ in five-star hotels in Cyprus. Considerable effort was expended to avoid personal bias towards particular aspects of the research, since such an eventuality would most definitely diminish the reliability and validity of the research findings. My complete objectivity, achieved through unyielding self-control, assisted in minimising this personal bias.

The study postulates a number of recommendations for all stakeholders involved. The following outline summarises the primary recommendations produced by the conducted research.

1. It was commonly agreed by employees, HR directors and hotel managers that internal recommendations and 'word-of-mouth' are mainly used for recruitment. That is due to the culture of each hotel. Better usage of the internal noticeboards should be achieved outside the HR department and in the employees' canteen, as well as within each department. All new available positions should be advertised there at all times, and all updates should be monitored accordingly either by the HR department or outside

the HR department, in the employees' canteen or from the HODs in each department.

2. Some hotels have internship collaborations with five to fifteen different universities and colleges. I personally agree with internship programmes, however they should be carefully scheduled according to needs, periods and so on. In my opinion, to collaborate with more than five to six colleges is risky in terms of SQ. The right way to treat internship programmes is by collaboration, communication and proper training. All these can be positives provided that hotels deal with the right colleges and that internships are taking part at the right time, not in the middle of summer. They should rotate students around various departments and they should obtain experience in all departments, rather than remaining in one department for months such as the restaurant, bar or reception, which means that hoteliers take advantage of students over the summer period when they need more seasonal employees.
3. They all agree with the traditional selection process, which is the collection of completed application forms and CVs and proceeding with an interview process. Normally they undertake screening of the various application forms and CVs according to their needs specifications and then proceed with interviewing. Three interviews are suggested prior to choosing the right candidate, according to the vacancy. One is conducted by the HOD for hard skills or technical skills. The other is done by the HR department with a focus on soft skills or behavioural skills, and then the HR director interviews shortlisted candidates. Employment tests, such cognitive, ability and psychometric, are rarely used. Personality and ability tests are mainly used when it comes to supervisory and management positions, and for

supervisors upwards I support that the candidates should at least pass a psychometric test prior to selection.

4. Personally, I believe that in five-star hotels the position of training manager is mandatory. I believe that part of the training manager's job is to increase capabilities, qualifications and SQ techniques of employees and to increase the in-house training programmes run by themselves and subordinates, such as qualified departmental head trainers by CHRA. As a matter of fact, those hotels that have a training manager mentioned that 60%-70% of training programmes are done by them, rather than by external training consultants. Therefore a substantial amount of money spent on training returns to the hotel as a subsidy from the CHRA.
5. Training starts at induction and orientation. Establishment of a training academy should be mandatory at each five-star hotel, which will stimulate induction and orientation. All new seasonal employees should pass a three-day training programme prior to starting work and be given an Induction & Orientation manual with all the important written documentation they need from the beginning. Furthermore, the first day should be dedicated to orientation around the various departments and learning who's who. On the second and third day the recruit should explore the department area, mainly back-of-house, and should not be in contact with customers initially, to become familiar with their department's way of working.
6. Employees should have involvement in the evaluation process regarding the training programmes to be run, as well as making an assessment at completion of each training programme. Employees are major stakeholders especially when training is in place, therefore should be treated with more

professionalism and be more involved and committed to training needs for better development results.

7. Not only should on-the-job training programmes occur during the summer season but in-house training programmes, to educate and improve both the academic and technical skills of FT and PT employees alike. Training is involved with development and procedural training, whereas off-the-job is mainly done for development purposes.
8. On-the-job training programmes are adopted by most hotels nowadays. There are qualified internal trainers in all departments, called buddies, shadows, mentors or godfathers, who are responsible for on-going, on-the-job training programmes, mainly with new recruits. This is very important and all hotels should support this. I went a step further by suggesting a 'Top Gear Training Team'. The team would be comprised of mentors from all departments and their job would be to monitor on-the-job training in their department and meet the rest of the team members monthly. The agenda would be to discuss all matters, concerns and suggestions regarding on-the-job training programmes, as well as needs and ways of overcoming SQ problems through an annual strategic programme.
9. It seems that trade unions are outdated or less familiar with new trends, methods and techniques in hotels today as far as the operation is concerned. I would suggest the initiation of a 'Trade Unions' Training Academy'. Representatives should be assigned every year to a one-week hotel induction, orientation and on-the-job training programme. The hotels in each district could be appointed by hotel managers in collaboration with the trade unions. The purpose would be to encourage the representatives to be more familiar with employees' job descriptions and responsibilities, in order to be more credible and realistic with decisions and actions. The

one-week programme would be prepared between HR directors and trade union representatives working through each hotel department to obtain operational experience from the hotel. All written documentation and manuals should also be supplied to achieve greater understanding of the department's procedures and regulations.

10. Every year the CHRA authority prepares a draft training programme for the following year that derives from various research programmes, on-going collaboration and communication from various social partners. I suggest that all hotels in Cyprus should organise a single levy from contacts at all hotels on the island, and all should be obliged to give their feedback on the levy with regards to their own training needs for the following year. This would assist the CHRA authority to be more efficient with regards to the new training needs programme.
11. All hotels should inaugurate a point system incentive scheme for all employees. Employees should be entitled to points according to their contribution to new ideas or for taking initiative, and exchange their points for a free restaurant meal, a spa massage package or free accommodation. More specifically, I would suggest the so-called Opportunities for Improvement (OFI) system. This system gives emphasis to employees' incentives and a freer and more effective communication process. Having said that, employees are entitled to mention or suggest anything that could assist or benefit the hotel as regards health and safety and security, SQ increases, economy and energy saving matters, customer concerns and so on. Employees can suggest anything they wish to the general manager of the hotel in writing. The general manager in return must be obliged to reply to the employee within 24 hours and indicate either that the suggestion is (a) adopted (b) will be considered, or (c) rejected, explaining why. The

points made by employees that are taken up will be displayed on internal noticeboards both outside the HR department and the employees' canteen for employees to read. Employees who contribute to this will be entitled to points on the above point system.

12. Everyone agreed that an effective official employee PA should be undertaken once a year, by the end of the year. I agree; however I believe that some of the HR directors and hotel managers follow this in theory rather than in practice. In my opinion, HODs should first be trained on the actual goal of PAs and on communication process methods, efficiently to tackle daily issues and communicate them well with their employees. They should be able to follow up the actual communication concerns with their employees after briefings and meetings. They should also be good leaders, not just good managers, in order to be respected, generate enthusiasm, coach and give credit to their employees at all times. Employees should also be able to provide 360 feedback – confidentially appraise their supervisors to come up with ways to improve them, from the employees' point of view and perception. I believe, for many reasons, hotel managers along with their HR directors should clarify their missions, goals, cultures and philosophies in order to be able to tackle communication weaknesses and gaps between management and employees.

13. Weekly management meetings with minutes and agendas as well as employee meetings with management should occasionally be undertaken. Also, I suggest a monthly meeting between the general manager and all assigned departmental representatives, one person from each department. The duty of the department representative will be to gather all issues, points, suggestions and comments and raise them. In my opinion this is

very important since it increases employee–management respect and the communication process.

14. One hotel mentioned that they have large TV screens in their employees' canteen to inform employees daily about events in-house, VIP persons in the building, scanned hotel questionnaire comments, activities, special information, customers' weddings, birthdays and anniversaries as well as employees' birthday wishes. I consider the above idea very effective, innovative and important and suggest taking it a step further. I propose installing small TV screens in each department to inform and update employees about daily events, as mentioned above.
15. Almost all hotels have a 'management cocktail' event once a week to mingle with customers and share ideas, concerns, impressions, suggestions and comments. I agree this is useful, but according to my personal professional expertise, along with the general ideas I have articulated regarding communication process in hotels, the event shows bottlenecks in the effectiveness of the above. Not all front- and back-of-house HODs participate in those meetings, but normally only the front-of-house managers such as F&B management and front office, H/K and spa management. First of all the name 'management cocktail' is definitely the wrong name, and should be termed a 'customers' cocktail' event. All front and back of house managers must participate weekly for half an hour, should be there on time and they should leave last, not a few minutes beforehand because they are in a hurry to go back to their departments and prepare the restaurant for the evening, for instance. Also, as many Russian-speaking managers as possible should attend to communicate more effectively with Russian customers, since they are not commonly familiar with the English language.

16. There are cases when language communication is not totally effective, but due to the body language portrayed, for instance a smile, eye contact and willingness, the communication process is efficient. In the Ritz-Carlton Basics, one point says 'Smile – we are on stage'. Always maintain positive eye contact and use the proper vocabulary with customers. Use words like: 'Good morning', 'certainly,' 'I'll be happy to,' and 'my pleasure'. Good body language increases communication and customer satisfaction and SQ.
17. I would suggest that in order to have a more personal and interpersonal employee management communication process, management should set aside one day of the week on which no internal e-mails are sent to anyone. The reason is to pass the message on to everyone that it is beneficial to use alternative ways of communicating with either employees or management to bring people and departments together, since they could meet in person and see each other for a few minutes and share information over a coffee.
18. Employees, management and customers fully support Parasuraman's five service dimensions. All employees, management and customers acknowledge that the least important SQ dimension is the 'tangible'. They all also mention that, no matter whether the building is new or renovated, it cannot work without SQ and quality employees. The central idea from all these is to respond to customer needs and to anticipate and fulfil them. Staff also mention that customers revisit us because of all the above service dimensions. It is of paramount importance to acknowledge customers and concentrate on their needs, increasing personalised service. Management mentions that customers revisit for all the above service dimensions. Most of customers rated empathy and reliability as the

most important SQ dimensions. In other words, personalised service and attention to detail are the most important components of customer satisfaction and loyalty. Acknowledgement, responsiveness and personalised service contribute to the customer's SQ assurance. One of Ritz-Carlton 'basics' is to 'escort customers rather than pointing out directions to another area of the hotel'. This is most important and I very much agree. I propose that, to increase empathy and attention to detail, personalised service is demanded.

19. The main problem is that in most of the hotels there is no specific protocol on who deals with complaints and concerns. It seems that they are dealt with either by the GR department, the duty manager, HOD or even the HR department. In my opinion customer complaints should be dealt with by the GR during the morning and after 18:00 by the duty manager. A problem that most of the hotels face is that this post is normally a HOD, which means that the duty manager acts as the restaurant manager, dealing with the outlet's operation rather than going around checking the operation, the evening service and mingling with customers. Having said that, by the time they are a dedicated duty manager the post holder will be dealing solely with hotel operation matters in the evenings. Also all HODs should be released to work on their operation rather than dealing with the hotel's operation in the evenings. Imagine if the restaurant manager, who is the duty manager in the evening, has to deal with a customer's complaint and to dedicate an hour during busy, peak hours: one of the two jobs certainly cannot be done efficiently. In the mornings, all matters should be dealt with by the GR department. The ideal scenario would be to have the GR manager as morning duty manager, and the evening duty manager dealing only with such matters and nothing else. According to Ritz-Carlton's

'basics', anyone who receives a customer complaint 'owns' the complaint. I personally agree with this since it shows professionalism, dedication and commitment. In other words, both the GR department and evening duty managers should 'own' the complaint by the time it comes to them and should show detailed dedication, commitment and professionalism, so all customer issues and concerns are totally resolved at the right time.

20. Another thing that needs improvement is teamwork. For instance, when a customer requires assistance in a restaurant, normally waiting employees refer the query to the station head waiter or waiting employees to assist them, instead of taking the initiative and assisting the customer. For instance, customers might just require the menu and instead of immediately offering one staff tend to refer them to the station area. Employees and management should realise that they are both hotel stakeholders and that, by increasing SQ, customer satisfaction and loyalty will be increased plus positive 'value for money'.

21. Personalised service and attention to detail is what customers request most. A major customer issue is that they are very rarely addressed by their name by hotel employees; instead, they are addressed as either Sir or Madam. Hotel management must definitely find ways to increase employees' awareness of customer names. This is the case especially at reception, restaurants and bars and mainly with housekeeping employees. These employees can find out customers' names easily, therefore better training and monitoring is required for floor supervisors and the executive housekeeper, and also the HR department.

- Increased wine upselling techniques and overall enhanced wine suggestive selling increase is also required. According to customers' comments, employees should be more informative and educated when it comes to

selling wines. Training is divided into administration and operation. With regards to administration, more efficient regional wines education is needed as well as awareness of different country wines such as traditional French and Italian wines as well as New World wines. With regards to operation, education on its own is not enough if no real life testing is concerned. Another thing that hoteliers and especially F&B managers must have in mind is that personal taste of wines is not enough. If they promote and sell only their preferences (either local or international wines, or both), again we come back to communication and good listening. We must listen to both our employees who mingle everyday with customers, and especially our customers, to find out which nationality prefers which wine. Specific and detailed training must be arranged from all major wine suppliers of the hotel in collaboration with the hotel's sommeliers to all frontline waiting employees. That will help to increase employees' wine suggestive selling techniques to service customers as well as possible. Also, the F&B team must understand that promotional material from wine suppliers and sponsorships is important, but not the most vital aspect. This is to fulfil customers' wine expectations, and include in our wine cellars all preferred wines from different countries that customers might request.

HRM and SQ will continue to play a significant role as far as the hospitality industry is concerned. The industry in Cyprus must strive to develop a unique partnership between employees, management, customers and various hospitality professionals in order to increase SQ in hotels by effective HRM, which constitutes customer satisfaction. The challenge for all stakeholders is to further commit to effective HRM and SQ and embrace new and innovative approaches, such as the summary of recommendations and suggestions that can greatly improve the development of the next generation in hospitality professionals; a

generation that will depend more on human relations and skills rather than impersonal financial statements.

6.2.1 Recommendations for future research activities

The findings of this research may serve as a guide to others outside the Cyprus-specific environment, who wish to investigate HRM and SQ in hotels. It is important to note that some of the most interesting and useful information gathered from the research was produced because the study investigated the views and opinions of all primary stakeholders involved. By investigating these different stakeholders the research provided valuable insights into important aspects of the experience, and at the same time identified which related aspects need further attention.

The research findings indicate the need for further scientific investigation into the efficacy of HRM and SQ in the hospitality industry. A number of these recommendations for further research activities investigating hospitality HRM and SQ are suggested:

- Further research activities should aim to compare the revealed attitudes of the primary stakeholders as regards HRM and SQ in the five-star hotel industry of Cyprus with the attitudes of respective hospitality industries in other countries.
- Additional research studies could contribute to the development of specific HRM and SQ in the five-star hotel industry's performance evaluation system.
- Future research should investigate other elements of HRM, their reflection and importance as regards SQ in the hospitality industry.
- Further research could investigate not only five-star hotels but also three- and four-star hotels' HRM and SQ effectiveness.

- Hospitality scholars might usefully investigate solely the employee's contribution to increased SQ.
- Hospitality scholars could also investigate separately management's contribution to enhanced HRM and SQ.
- Study should be made of the impact of the unexpected financial crisis on HRM and SQ in the hospitality industry and propose ways to tackle its effects.

Chapter 7: Self-Reflections

7.1 Self-Reflection on DPS Level 5 Descriptors and Learning Outcomes

As a hotelier wishing to investigate this particular topic, I argue why the correlation of HRM and SQ is sufficiently important to warrant a dissertation on the subject. One of the primary reasons that motivated me to pursue this research topic is the fact that no similar study has ever been conducted in Cyprus, thus my findings would form the basis for further research activities into HRM and SQ in the country's hotel industry. My substantial involvement with hotel research served to reinforce my determination to investigate the issues surrounding HRM and SQ formally. Furthermore, I believed that the findings would initiate constructive dialogue that might enhance the communication, mutual understanding and cooperation between the country's hospitality stakeholders, thus improving the overall image and reputation of the industry.

The primary objective of this section is to demonstrate how I satisfied the established Level 5 descriptors of the DPS 5260 project. This personal critical commentary articulates, through reflection and analysis, the study's major achievements and their impact on my personal and professional development. It is important to note the evidence of achievement is the development of new knowledge relevant to HRM and SQ in the hospitality industry. In particular, the primary evidence of achievement is the initiation of a summary of recommendations and suggestions for effective HRM towards SQ in five-star hotels in Cyprus.

The following is a brief commentary on how I, via the conducted research study, fulfilled the six Level 5 descriptors.

7.1.1 Descriptor 1: Knowledge, research, and analysis

This work reflects my ability to review a substantial quantity of academic literature and critically analyse it. This enlightened and clarified my own research interests and objectives and produced a strong academic piece of work based upon pertinent theory and application. It also enabled me to employ the appropriate methodological tools to answer the established research questions. To facilitate the proper investigation of research questions regarding the summary of recommendations and suggestions for effective HRM towards SQ, I have constructed an extensive literature review, presented in Chapter 2, analysing the critical concepts produced by other studies related to the topic of hospitality HRM and SQ. To do this, I had to thoroughly review the literature relevant to the topic under investigation and evaluate previous studies. This allowed me to ascertain the strengths and weaknesses of previously conducted studies and determine whether my particular approach was appropriate and capable of adding to the existing knowledge base of hospitality HRM and SQ.

In the course of the project, I have assimilated a great deal of knowledge regarding the important HRM and SQ theoretical aspects and the practice's role in modern hospitality HRM and SQ. In addition, by becoming familiar with the important theoretical aspects, I have become well acquainted with the works of academics at the cutting edge of research on the topic. I have critically analysed the articles to point out the strengths and weaknesses in their theory, research design and conclusions.

7.1.2 Descriptor 2: Synthesis and evaluation

The project illustrates my ability to develop a new research project for which no work has previously been undertaken in Cyprus. In order to commence such a research activity, I had to design the entire initiative to yield interesting, useful,

valid, reliable and high quality data and results. I had to approach this in a way that a previous researcher has never done before. I had to begin from scratch, learning about issues of interest to HRM and SQ departments of major stakeholders – hotels in Cyprus – designing questionnaires and interview guides, and recording the information received. The research activity entailed gathering quantitative as well as qualitative data that would answer crucial questions pertaining to HRM and SQ in five-star hotels in Cyprus. The analysis of the findings was conducted in the summary of recommendations and suggestions for effective HRM towards SQ in five-star hotels in Cyprus, permitting me to develop an action plan to allow others in the hotel industry to provide higher quality HRM and SQ.

After my initial vague notions of synthesising and evaluating data, this project entailed the development of specific analytical tools. To complete the project, I needed to familiarise myself with various statistical techniques, such as cross-tabulations, Pearson's correlation coefficient, factor and regression analysis, to enable me to evaluate responses to both questionnaires. These skills demanded that I improve my knowledge regarding some common techniques of inferential statistics that researchers use when conducting similar quantitative research activities. However, these were merely a necessary prerequisite to analyse data, make judgements, and answer key issues in the study of the HRM and SQ in the hotel industry. I also had to make decisions as to which data to analyse and how the analysis should be carried out.

Considerable time and effort were expended in deciding which methodologies were the most appropriate to be used to analyse the data and produce valid and reliable results. The conducted research activity entailed collection of both quantitative and qualitative data, involving my exposure to a wider range of

research methodologies and statistical analysis. I conducted focus groups from which I accumulated a great deal of qualitative information about the employees in a five-star hotel. In order to do this significant task correctly, I had to learn how to conduct focus groups and how to analyse the resulting data. In addition, I conducted personal interviews with hotel managers, hotel HR directors and other hospitality professionals to complement qualitative research findings.

7.1.3 Descriptor 3: Problem solving

The project reflects a strong problem-solving ability, a major characteristic of work-based learning studies. From the beginning, I was faced with many obstacles when obtaining the necessary data from employees, management, customers and other hospitality professionals. In gathering data on employees, I needed to develop and initiate an approach that would allow me to collect crucial information for quantitative analysis. Therefore, I conducted two focus groups to derive qualitative findings as the developmental basis for the quantitative questionnaires, which aim to reflect employees' concerns. Having initiated a study that had never before been conducted in Cyprus, I needed to apply a qualitative approach to learn more about the concerns of major hospitality professionals. Rather than design a questionnaire to reflect only my own perceptions of the hypothetical employee concerns, focus groups seemed the most appropriate way to start.

On a number of occasions, I had to stretch my creative talents and problem-solving abilities in order to complete the project. For example, when early attempts yielded only a small number of customer questionnaires I was led to liaise with both the HR directors as well as the G/R department to coordinate efforts so adequate questionnaire replies were gathered. At the end, I collected over a hundred replies from one of the two hotels, far more than the number expected.

To achieve this I needed to explore alternative reply methods for customers such as by e-mail correspondence after a customer's departure, politely requesting them to fill in the questionnaire and send it back to the hotel, or requesting that customers complete the questionnaires over a coffee or a drink with the G/R officers.

7.1.4 Descriptor 4: Self-appraisal and management of learning

This project reflects the culmination of planning, research, and independent learning from books, journals, and other professional sources. It is a complicated project, synthesised by multiple studies based upon structured questionnaires, focus groups, and interview structures with major hospitality professionals. For this reason a sophisticated and thorough plan of action had to be devised before the project could be initiated. For example, I had to plan the whole project so that the data collection fell into place at the appropriate point in the hotel's season, as well as the project's timeframe.

The entire project entailed independent learning as its primary requirement for completion. My previous training in research statistics and design did not provide me with an adequate background to discern which tools to use to analyse the data received from the questionnaires. Therefore, I had to not only receive assistance from Professor Andreas Efstathiades, but to spend a substantial amount of time reading books on research design and statistics to learn more about the competing methodologies for analysing collected data. The independent learning enabled me to choose the necessary tools to complete the research study for a degree worthy of a doctoral student. In addition, a great deal of independent learning took place when gaining a background in the major themes of research pertaining to HRM and SQ, because I previously had little knowledge of key academic research in this area.

7.1.5 Descriptor 5: Communication

It should not be overlooked that part of my research study involved the communication process. The project demonstrates my ability to communicate with employees and management in hotels, as well as other hospitality professionals, on topics related to the study. I have demonstrated an intimate knowledge of the developments at the cutting edge in the field and the ability to engage academic scholars by showing an appreciation of their contribution to the field, while at the same time critically reviewing their pursuits. The conducted research study shows that I can engage all stakeholders involved with the topic while at the same time illustrating that I have something new and innovative to offer the critical communities in academia.

I have also demonstrated that I can present and justify my work orally to different levels of audiences, discussing my research with colleagues – hotel managers, HR directors and several other hospitality professionals. This illustrates my knowledge and understanding of the vital theoretical aspects of the study, while justifying the methodologies used. Furthermore, I have reasoned why I have chosen one particular analytical tool over another during many conversations with my academic advisor in England and on several occasions have also discussed aspects of my study with other professors and lecturers from the European University in Cyprus.

7.1.6 Descriptor 6: Responsibility and ethical understanding

From the outset of the project, I have been aware and respected ethical concerns. In all of my data collection activities, I have protected the identity of participants who agreed to assist me in the project by completing questionnaires, participating in focus group sessions or undertaking personal interviews. The fact that I

informed them that I would respect their confidentiality assisted me in collecting high quality responses.

During focus groups and interviews, I safeguarded the confidentiality of participants' responses. This was especially important when interviewing hotel managers, HR directors and other hospitality professionals. Information given to me 'off-the-record' was not directly used in the paper, but indirectly guided some of the research. During the study I have maintained focus on the central goal of the research, enhancing the HRM importance towards SQ in five-star hotels in Cyprus. This responsibility to employees, management and customers in five-star hotels has been a guiding light in the research, influencing every step of the process.

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Appendices